

Butterfly Foundation Ltd

ABN 42 102 193 582

Financial Report

For the Year Ended 30 June 2021

Butterfly Foundation

ABN 42 102 193 582

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Directors' Report

The Directors present this report on the Butterfly Foundation (Butterfly) for the year ended 30 June 2021.

Directors

The names of each person who has been a Director during the year and to the date of this report are:

David Murray AO Chair
Joanne Cook
Anne Doherty
Anthony Peter Gill
Catherine Mary Happ
Professor John Richard Newton
Emeritus Professor Susan Jessica Paxton
Paul Salteri AM
Michael Same

Principal Activity

Butterfly Foundation is the national charity for all Australians impacted by eating disorders and body image issues, and for the families, friends and communities who support them. Butterfly provides innovative, evidence-based support services, treatment and resources, delivering prevention and early intervention programs and advocating for the needs of our community. It is the national peak organisation, providing the voice of lived experience for those affected by eating disorders or body image issues.

Vision and Mission

Butterfly's vision is that all people in Australia can live free of eating disorders and negative body image. Its mission is to prevent eating disorders and body image issues from occurring, to ensure that the best possible treatments are available, and that appropriate care and support is there for those affected.

Strategic Objectives

Butterfly aims to:

- reduce stigma and increase help-seeking:
 - Listen to, amplify and advocate for the voice of lived experience;
 - Increase public awareness and understanding;
 - Grow our digital presence.
- work to prevent eating disorders from developing:
 - Deliver accessible evidence-based information and support;
 - Deliver and expand whole of school (5-18 years) based education;
 - Collaborate on innovative service offerings in universal prevention and early intervention
- Improve treatment and support:
 - Establish evidence for residential treatment as a component of the eating disorder system of care in Australia;
 - Implement and evaluate programs and services which address gaps in care;
 - Assess gaps in the system of care and advocate for change to address them.

Butterfly actively engages in fundraising activities to support, these strategic objectives, works with values-aligned corporate partners, and receives funding from both state and federal governments.

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Key activities in 2020/2021

In pursuit of these strategic objectives, Butterfly has:

- Continued to advocate for improvements in treatment and services for sufferers of eating disorders including securing funding for Bursaries at Wandi Nerida so that eligible participants can attend this Australian first residential treatment facility regardless of their financial circumstances.
- Strengthened our representation as the national voice of lived experience through
 - Establishing the Lived Experience Community Insights Group to help inform our organisation's strategic priorities and direction
 - Launching Butterfly's Lived Experience Network, the Butterfly Collective, on 31 May 2021, which now has a membership of more than 200 people
 - Growing Butterfly's Speaker Program to nearly 50 trained spokespeople for media, corporate partner, community fundraising and other opportunities.
- Reduced stigma and encouraged self help, raising community and government awareness of prevalence and costs through targeted communications, with activities including the national campaigns Talking Helps, EveryBODY is Deadly, Change the Picture and Fight for Wandi Nerida, and the Let's Talk podcast, published monthly, with a new Let's Talk In Depth interview also published monthly on alternative fortnights.
- Delivered extended clinical and support services to meet significant increases in demand due to the Covid-19 pandemic, including:
 - Employing additional qualified counsellors to support Butterfly National Helpline ED HOPE, and providing nearly 300 individual 'waitlist' interventions;
 - Delivering Butterfly Recovery Support Services, online where required, including support groups for families and carers as well as for eating disorder sufferers;
 - Treatment Programs including the national Butterfly Virtual Youth Program;
 - Launched the world's first positive body image chatbot, KIT, to provide education and evidence-based coping skills.
- Provided increased prevention services, through virtual technology during lock downs including schools education, focusing on risk factors and protective factors for eating disorders, as well as developing and commencing a pilot 'whole of school' primary education program, Butterfly Body Bright.
- Launched Body Kind Schools and Body Kind Families, with the key message of encouraging people to be kind to their own body and to others, online and face to face.
- In November 2020 became the sole owner of the Butterfly endED Residential Trust through the purchase of endED Ltd's 40% interest.
- Through its 100% ownership of Butterfly Residential Care Pty Ltd commenced the set up of operations at Wandi Nerida – Australia's first Residential Treatment facility dedicated to those suffering with eating disorders, which opened in July 2021.
- Through supporting the National Eating Disorder Collaboration supported the development of strategy for eating disorders, clinical guidelines for the treatment of people with eating disorders with a higher weight, development of a credentialing project, training for GPs, and developed Eating Disorders Quality Improvement Tool for PHNs.

Post Balance Date

Listed below are matters or circumstances since the end of the financial year up to the date of this report that have significantly affected, or may significantly affect:

- (a) Butterfly's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) Butterfly's state of affairs in future financial years.

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Committees

Butterfly Fundraising Committee

The Butterfly Fundraising Committee provides professional advice and assistance of strategic, fundraising issues, and on the investments of the Butterfly Capital Gift Fund in accordance with the Board approved Investment Policy.

The members of the Business Advisory Committee are Michael Same (Chair), David Baer, Anne Doherty, Tony Gill, Meline Nazloomian, Paul Salteri AM, and David Gazzard and Kevin Barrow. The Board Chair is a permanent invitee to Committee Meetings. The Fundraising Committee reports to the Board of Butterfly

Butterfly Clinical Advisory Committee

The Butterfly Clinical Advisory Committee provides advice and assistance in relation to clinical and support services provided by Butterfly.

The members of the Clinical Advisory Committee are Professor Susan Paxton (Chair), Professor Susan Byrne, Joanne Cook, Carolyn Costin, Professor Richard Newton, and Dr Beth Shelton. The CEO is a permanent invitee to Committee Meetings. The Clinical Advisory Committee reports to the Board of Butterfly.

Information on Directors

David Murray AO

Chairman

Qualifications: Bachelor of Business, Masters in Business Administration and PhD.

David has 40 years' experience in financial services, with expertise in banking and wealth management, as well as the industry's regulatory environment. David served as CEO of the Commonwealth Bank of Australia from 1992 to 2005 and as the inaugural Chairman of the Australian Future Fund from 2006 to 2012 when his statutory term ended. He was the inaugural chair of the International Forum of Sovereign Wealth Funds. David also chaired the Financial System Inquiry, which reported to the Australian Government in December 2014 and has previously served as a member of the Finance Sector Advisory Council and the APEC Business Advisory Council.

David holds a Bachelor of Business from the NSW Institute of Technology and a Master of Business Administration, commenced at Macquarie University and completed at the International Management Institute, Geneva. He holds an honorary PhD from Macquarie University.

David was Chairman of the AMP Limited Board from June 2018 until August 2020.

Joanne Cook

Qualifications: Masters of Education, specialising in Gifted Education (University of Tasmania), Grad Dip Psychology (Charles Sturt University), Bachelor of Counselling (AIPC).

Jo is a counsellor and Director of Turnaround Support. Jo is the founder and former Executive Officer of TRED inc. (Tasmania Recovery from Eating Disorders). She is a member of the Australian and New Zealand Academy for Eating Disorders and the NEDC. Jo is an advocate for improvements in mental health services in Tasmania and through participation in National forums. She holds that the voices of the lived experience of consumers and carers are integral to system and clinical advancement of treatment, in mental health broadly, but more specifically in eating disorders. Her achievements include being awarded Certificate of Appreciation from the Director of The

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Department of Immigration & Multicultural Affairs in March 1997 for contribution to the settlement of refugees and more particularly as Chair of the Southern Tasmania CRSS Network and member of the Advisory Board of the Phoenix Centre 1996-1997. Jo held the Ministerial appointment at the Chair of Tascag, (Advisory Committee to the Minister of Health on Mental Health) 2008-2009 and was a Member of COPMI National Family Forum 2008-2010.

Anne Doherty

Qualifications: RPN, RGN, BHA, altMBA

Anne has over 40 years in the health industry; the majority in mental health. A previous executive in both general and forensic mental health, Anne brings the skills of governance, clinical operations and service development. Anne was the Executive Director Mental Health, Monash Health. During this period the first Butterfly Day Program was established in Melbourne and led an extensive review of eating disorder services in the south east sector of Melbourne. Anne is a current assessor with the Australian Council of Healthcare Standards, a member of the Victorian Mental Health Clinical Network Governance Committee, a member of the Clinical Advisory Committee South East Melbourne Primary Health Network and was recently appointed to the Expert Advisory Committee assisting the Royal Commission Victoria Mental Health.

Anthony Peter Gill

Qualifications: B.COMM (Hons).

Anthony (Tony) is the Chairman of the AFG board, a position he has held since 2008. Tony has extensive experience across Australia's finance industry, including Macquarie Bank for more than 16 years. Prior to joining Macquarie, he was a Chartered Accountant with a major international firm in Australia and Canada, and then went on to work for a number of other banks and financial institutions. Tony's banking experience spans more than two decades with expertise in banking, mortgage origination and securitisation. He is a past Chairman of the Australian Securitisation Forum and a past President of the Mortgage Industry Association of Australia. He is also a Director of First Mortgage Services, First American Title Insurance and Pinchgut Opera.

Catherine Mary Happ

Qualifications: Bachelor of Music (Elder Conservatorium, Adelaide University), Bachelor of Business, major in Industrial Relations (University of South Australia), Masters in Industrial Relations (Sydney University). Accredited Derivatives Adviser Level 2 (Australian Stock Exchange).

Catherine has over 20 years' experience in the investment market having joined JBWere in 1996, holding the position of Executive Director. Catherine is the Vice President of Kambala Anglican Girls School Council, Chair of Kambala Foundation, and has been a member of the School Council since 2017.

Professor John Richard Newton

Qualifications: MBChB (Edin), MRCPsych, FRANZCP

Richard is the Clinical Director of Peninsula Health Mental Health Service and an Adjunct Professor at Monash University. He is also a consultant adult psychiatrist within the Peninsula Mental Health, a large mental health service based in a teaching hospital with a range of Adult and Aged mental health services. Until 2017 Richard was the Medical Director of Austin Mental Health, and the Clinical Director of BETRS a regional eating disorder service. He has a private practice specialising in eating disorders. He is a board member of Mental Health Victoria, has had several roles within RANZCP and is currently Chair of the Victorian Branch of the College. Richard is a member of the Australian Safety and Quality Commissions Comprehensive Care Advisory Committee and has contributed to the development of the Commission's work on recognition and response to deterioration in mental state. He is strongly committed to Quality and Safety systems in MH, consumer and carer participation in Mental Health Service development and the provision of safe, effective, evidence-based interventions for all members of the community in need of mental health care. Richard is an Editorial Board member of national and international academic journals and sits on numerous federal and state-based planning or advisory committees. He has published more than 50 peer reviewed articles or book chapters. He teaches a Masters level course in Structured Psychotherapy at the University of Melbourne and an Advanced Training course in CBT accredited for RANZCP AT in Psychotherapy.

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Professor Susan Jessica Paxton

Qualifications: B.A. (Hons), M Psych., Ph D.

Susan is Emeritus Professor in the School of Psychology and Public Health at La Trobe University. She is Past President of the Academy of Eating Disorders and of the Australian and New Zealand Academy for Eating Disorders (ANZAED). She is a clinical psychologist and researcher engaged in projects focused on understanding risk factors of body image and eating problems across the lifespan, and evaluating prevention and early intervention strategies for eating disorders with a focus on understanding the role of social media. In addition, her research has explored stigma and mental health literacy related to eating disorders in the community.

Paul Salteri AM

Qualifications: Bachelor of Commerce (Accounting).

Paul Salteri is a Fellow of the Australian Society of Certified Practising Accountants, and a Governor of the Warren Centre for Advanced Engineering at the University of Sydney. He is a past Director of Austrade, a former member of the National Executive of the Australian Industry Group (AIG); former Chairman of AIG's Defence Manufacturers Council and a former member of the Defence Industry Advisory Council. He was appointed a Director of Transfield in 1981 and rose to the position of Joint Managing Director until the Transfield Group split in 1997. Following the split, the Salteri family formed Tenix Pty Limited, the assets of which included the company responsible for the ANZAC Ship Project, later named Tenix Defence. Paul was Tenix Group Managing Director from 1997 to 2007, when he resigned from his executive position and became Chairman of the renamed Tenix Group, Olbia Pty Ltd. Paul was awarded the title Cavaliere Ufficiale by the Italian Government in 1999. In 2005, he was named an "Innovation Hero" by the Warren Centre for Advanced Engineering in Sydney. He was appointed a Member of the Order of Australia in 2013. Paul is the Founder and Chairman of his family's Private Ancillary Fund, the CAGES Foundation, which focuses on indigenous issues.

Michael Same

Qualifications: Bachelor of Business (Accounting), Chartered Accountant.

As a Chartered Accountant with a Bachelor of Business (Accounting) degree, he has fostered a unique relationship with his clients, often being the first point of call for those seeking advice with business, personal, development and planning issues. This has continued with Michael consulting privately to small business and families. His interests are broadened by his charitable involvement as Director of the Maccabi Victoria Foundation, and on the board of the PNET Cancer Foundation.

Board Meetings		
Name	Eligible to Attend	Attended
David Murray AO (Chair)	8	8
Jo Cook	8	8
Anne Doherty	8	8
Anthony Peter Gill	8	8
Catherine Mary Happ	8	8
Prof John Richard Newton	8	8
Prof Susan Jessica Paxton	8	8
Paul Salter AM	8	8
Michael Same	8	8

Limitation of Members Liability

Butterfly Foundation is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Foundation is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 30 June 2021 the collective liability of members was \$1,300 (2020: \$1,300).

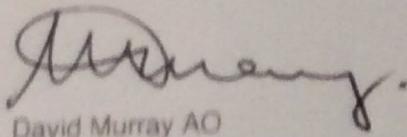
Auditors Independence Declaration

A copy of the auditor's independence declaration as required under *Australian Charities and Not-for-profits Commission Act 2012* is set out at page 7.

COVID-19

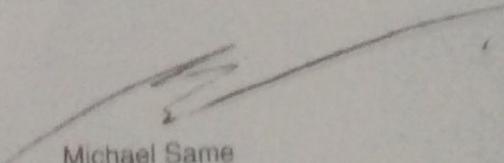
The impacts of COVID-19 on the Foundation's staff, operations, revenue and costs, are being monitored by the Board. The management executive continues to provide the Board with regular reporting and where necessary, mitigation plans, to ensure the safety and well-being of all staff, as well as the ongoing ability of the organisation to provide continuity of service for all contracts and stakeholders.

Signed in accordance with a resolution of the Board of Directors:



David Murray AO

Chair



Michael Same

Director

Signed this 10 day of December 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF
THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF BUTTERFLY FOUNDATION**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
10 December 2021

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Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	2	11,438,084	8,367,235
Personnel Expenses		(6,274,374)	(5,262,220)
Program Expenses		(1,048,663)	(1,769,093)
Depreciation and Amortisation Expense		(211,202)	(284,915)
Other Expenses		(2,919,822)	(586,504)
Surplus/(Deficit) from Operating activities	4	984,023	464,403
Finance income		55,237	121,087
Finance expense		(34,137)	(40,800)
Net finance income	3	21,100	80,287
Surplus/(Deficit) for the year		1,005,123	544,690
Other comprehensive income			
Gains on investments in equity instruments designated as fair value through other comprehensive income	14	612,749	999,238
Total other comprehensive income for the year		612,749	999,238
Total comprehensive income for the year		1,617,872	1,543,928

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2021

	2021	2020
Note	\$	\$
Assets		
Current assets		
Cash and cash equivalents	5 3,949,243	4,271,322
Trade and other receivables	6 784,487	671,401
Total current assets	<u>4,733,730</u>	<u>4,942,723</u>
Non-current assets		
Financial assets	7 5,000,710	4,172,545
Plant and equipment	8 108,789	52,258
Right of use assets	9 675,473	844,341
Total non-current assets	<u>5,784,972</u>	<u>5,069,144</u>
Total assets	<u>10,518,702</u>	<u>10,011,867</u>
Liabilities		
Current liabilities		
Trade and other payables	10 812,675	276,787
Other liabilities	11 1,564,448	3,083,535
Provisions	12 308,364	273,430
Lease liabilities	13 164,819	157,863
Total current liabilities	<u>2,850,306</u>	<u>3,791,615</u>
Non-current liabilities		
Provisions	12 123,874	128,783
Lease liabilities	13 539,328	704,147
Total non-current liabilities	<u>663,202</u>	<u>832,930</u>
Total liabilities	<u>3,513,508</u>	<u>4,624,545</u>
Net Assets	<u>7,005,194</u>	<u>5,387,322</u>
Equity		
Reserves	14 4,433,699	3,815,790
Retained surplus	<u>2,571,495</u>	<u>1,571,532</u>
Total Equity	<u>7,005,194</u>	<u>5,387,322</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For The Year Ended 30 June 2021

	Reserves \$	Retained Surplus \$	Total Equity \$
Balance at 1 July 2019	2,796,768	1,046,626	3,843,394
Comprehensive income for the year	999,238	544,690	1,543,928
Transfer of capital fund contributions to reserves	19,784	(19,784)	-
Balance at 30 June 2020	3,815,790	1,571,532	5,387,322
Comprehensive income for the year	612,749	1,005,123	1,617,872
Transfer of capital fund contributions to reserves	5,160	(5,160)	-
Balance at 30 June 2021	4,433,699	2,571,495	7,005,194

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For The Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Cash Flows from Operating Activities		
Receipts from fundraising, grants and donations	10,691,712	8,869,553
Payments to suppliers and employees	(10,319,461)	(7,825,274)
Short term, low value and variable lease payments	(70,152)	(66,374)
Interest paid on lease liabilities	(34,137)	(40,800)
Dividends Received	52,195	107,545
Interest Received	3,042	17,492
Net cash provided by operating activities	15 323,199	1,062,142
Cash Flows from Investing Activities		
Payment for plant and equipment	(98,865)	(114,711)
Proceeds / (Payments) from sale of financial assets	834,584	(308,344)
Payment for investment in financial asset – unlisted company	-	(120)
Payment for investment in financial asset – unlisted trust	(700,000)	-
Net cash provided by (used in) investing activities	35,719	(423,175)
Cash Flows from Financing Activities		
Net proceeds from/(repayment of) related party loans	(523,134)	-
Payment for lease liabilities	(157,863)	(151,200)
Net cash used in financing activities	(680,997)	(151,200)
Net (decrease)/ increase in cash held	(322,079)	487,767
Cash at the beginning of the year	4,271,322	3,783,555
Cash at the end of the year	5 3,949,243	4,271,322

The accompanying notes form part of these financial statements.

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Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

The Directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by the Directors of the company on the date of the Directors' Report.

Accounting Policies

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(c) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvement	33%
Office equipment and furnishings	20% to 25%
Motor vehicle	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd) **(d) Revenue**

When the Entity received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under the terms of the grant.

Interest income is recognised using the effective interest method.

The Entity recognises dividends in profit or loss only when the Entity's right to receive payment of the dividend is established.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

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Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd) (f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Entity commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income; or
- fair value through profit and loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

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Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd) (f) Financial Instruments (cont'd)

The Entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Entity makes an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity that the Entity elected to classify as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Butterfly Foundation

ABN 42 102 193 582

Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd) (f) Financial Instruments (cont'd)

Impairment

The Entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Entity uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach; and
- the simplified approach.

General approach

Under the general approach, at each reporting period, the Entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there has been no significant increase in credit risk since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

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Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd) **(f) Financial Instruments (cont'd)**

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(g) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee Provisions

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

(i) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(j) Leases

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

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Notes To The Financial Statements

For The Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd) **(j) Leases (cont'd)**

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(k) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statement based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the company.

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 30 June 2021.

(l) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Entity. The directors have decided not to early adopt any of the new and amended pronouncements.

Butterfly Foundation

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Notes To The Financial Statements

For The Year Ended 30 June 2021

	2021	2020
	\$	\$
2 Revenue		
Government funding		
- Commonwealth funding	5,053,206	5,135,065
- Commonwealth funding – COVID-19	680,000	578,000
- State funding	317,182	375,173
	<u>6,050,388</u>	<u>6,088,238</u>
Other revenue		
- Donations	3,313,189	899,361
- Contributions from Corporations, Trust & Foundations	1,902,969	1,260,132
- Services income	170,168	119,071
- Sundry income	1,370	433
	<u>5,387,696</u>	<u>2,278,997</u>
Total revenue	<u>11,438,084</u>	<u>8,367,235</u>
3 Finance Income and Expenses		
Finance income		
- Investment income	52,195	107,545
- Interest income	3,042	13,542
	<u>55,237</u>	<u>121,087</u>
Finance expense		
- Interest on lease liabilities	34,137	40,800
	<u>34,137</u>	<u>40,800</u>
Net finance income	<u>21,100</u>	<u>80,287</u>
4 Surplus/(Deficit) from Operating activities		
(a) The following significant expense items are relevant in explaining the financial performance:		
- Depreciation of plant and equipment	42,334	116,046
- Depreciation of right of use assets	168,868	168,869
- Short-term and low value lease expense	70,152	66,374
	<u>281,354</u>	<u>351,289</u>
(b) Auditor's Remuneration		
Remuneration of auditor for auditing the financial report	<u>17,520</u>	<u>24,480</u>

Butterfly Foundation

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Notes To The Financial Statements

For The Year Ended 30 June 2021

	2021	2020
	\$	\$
5 Cash and Cash Equivalents		
Cash on hand	501	501
Cash at bank	3,948,742	4,270,821
Total cash and cash equivalents	<u>3,949,243</u>	<u>4,271,322</u>

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>3,949,243</u>	<u>4,271,322</u>
---------------------------	------------------	------------------

6 Trade and Other Receivables

Accounts receivable	10,624	273,090
Related party loan	523,134	-
Related party receivable	196,584	-
Other receivables	-	291,711
Deposits	9,100	6,515
Prepayments	43,554	100,085
GST receivables	1,491	-
Total trade and other receivables	<u>784,487</u>	<u>671,401</u>

7 Financial Assets

Term deposits	638,854	634,779
Investments – listed entities	938,364	1,600,693
Investments – unlisted trust	3,423,372	1,936,953
Investments – unlisted company	120	120
Total financial assets	<u>5,000,710</u>	<u>4,172,545</u>

The Butterfly Foundation holds 100% (2020: 60%) of the units in the Butterfly ended Residential Trust. The Butterfly ended Residential Trust had net assets of \$3,423,372 at 30 June 2021 (2020: \$3,228,255).

As part of an agreement, Butterfly ended Residential Limited ATF The Butterfly ended Residential Trust irrecoverably charges the rights, title and interest in a property to the Department of Health to secure the Butterfly ended Residential Limited ATF The Butterfly ended Residential Trust's obligations to the Department.

The Butterfly Foundation holds 100% (2020: 100%) of the shares in Butterfly Residential Care Pty Ltd.

Butterfly Foundation

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Notes To The Financial Statements

For The Year Ended 30 June 2021

	2021	2020
	\$	\$
8 Plant and Equipment		
Office equipment - at cost	293,678	270,204
Less accumulated depreciation	<u>(260,280)</u>	<u>(217,946)</u>
	33,398	52,258
Motor vehicles - at cost	75,391	-
Less accumulated depreciation	<u>-</u>	<u>-</u>
	75,391	-
Total plant and equipment	<u>108,789</u>	<u>52,258</u>
9 Right Of Use Assets		
Leased Building	1,013,210	1,013,210
Accumulated depreciation	<u>(337,737)</u>	<u>(168,869)</u>
Total right of use assets	<u>675,473</u>	<u>844,341</u>
10 Trade and Other Payables		
Accounts payable	44,765	18,924
Other payables and accruals	417,910	217,152
Deferred settlement	350,000	-
GST Payable	<u>-</u>	<u>40,711</u>
Total trade and other payables	<u>812,675</u>	<u>276,787</u>
11 Other Liabilities		
Funds received in advance	<u>1,564,448</u>	<u>3,083,535</u>
12 Provisions		
Current		
Employee benefits	<u>308,364</u>	<u>273,430</u>
Non-current		
Employee benefits	<u>123,874</u>	<u>128,783</u>
13 Lease Liabilities		
Current		
Lease liabilities	<u>164,819</u>	<u>157,863</u>
Non-current		
Lease liabilities	<u>539,328</u>	<u>704,147</u>

Butterfly Foundation

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Notes To The Financial Statements

For The Year Ended 30 June 2021

	2021	2020
	\$	\$
14 Reserves		
Capital fund contributions	1,754,745	1,749,585
Investments Market Revaluation Reserve	2,678,954	2,066,205
Total reserves	<u>4,433,699</u>	<u>3,815,790</u>

During the 2021 financial year, capital fund donations of \$ 5,160 were received.

The investments market revaluation reserve records revaluation increments and decrements at the financial year end that do not represent impairment write-downs, which relate to investments that are classified as fair value through other comprehensive income.

15 Cash Flow Information

Reconciliation of cash flow from operations with surplus / (deficit) for the year

Surplus / (deficit) for the year	1,005,123	544,690
Non-cash flows in profit:		
- Depreciation and amortisation	211,202	286,415
Changes in assets and liabilities:		
- Decrease / (Increase) in accounts receivable and other debtors	410,048	(522,222)
- Decrease in accounts payable and other payables	185,888	98,086
- Increase in provisions	30,025	122,458
- (Decrease) / Increase in other liabilities	<u>(1,519,087)</u>	<u>532,715</u>
Cash flows provided by operating activities	<u>323,199</u>	<u>1,062,142</u>

16 Commitments

The building property lease commitments at 30 June 2021 are recognised in the financial statements.

17 Related Party Transactions

Rental payments of \$16,000 per month for the lease of the property located at 103 Alexander Street, Crows Nest, NSW are paid to the Cages Foundation Pty Ltd of which Paul Salteri is the Co-Founder and Chairman. Paul Salteri joined Butterfly Foundation as a Director on 25 July 2011.

18 Subsequent Events

No material events have occurred subsequent to balance date other than those noted below:

19 Contingent Liability

The Foundation has provided financial support to Butterfly Residential Care Pty Ltd to enable the entity to pay its debts as and when they fall due and payable for a period of at least 12 months from the date of this report. Butterfly Residential Care Pty Ltd has net assets of \$110,863 as at 30 June 2021 (2020: \$120).

Butterfly Foundation

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Notes To The Financial Statements

For The Year Ended 30 June 2021

20 Entity Details

The registered office of the company is:

103 Alexander Street
Crows Nest NSW 2065

The principal places of business are:

Sydney office
103 Alexander Street
Crows Nest NSW 2065

21 COVID-19

The impacts of COVID-19 on the Foundation's staff, operations, revenue and costs, are being monitored by the Board. The management executive continues to provide the Board with regular reporting and where necessary, mitigation plans, to ensure the safety and well-being of all staff, as well as the ongoing ability of the organisation to provide continuity of service for all contracts and stakeholders.

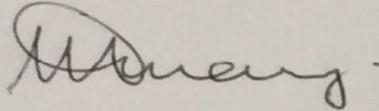
Butterfly Foundation

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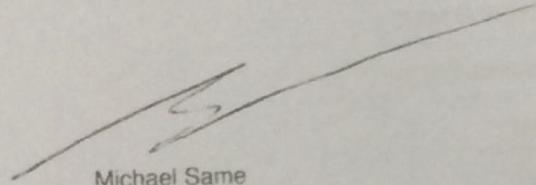
Directors' Declaration

In accordance with a resolution of the Directors of Butterfly Foundation, the Directors declare that:

1. The financial statements and notes, as set out on pages 8 to 23, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - a) comply with the Australian Accounting Standards applicable to the company; and
 - b) give a true and fair view of the financial position of the company as at 30 June 2021 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



David Murray AO
Chair



Michael Same
Director

Signed this 10th day of December

2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTTERFLY FOUNDATION

Opinion

We have audited the financial report of Butterfly Foundation, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of Butterfly Foundation is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Directors either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BUTTERFLY FOUNDATION (CONTINUED)**

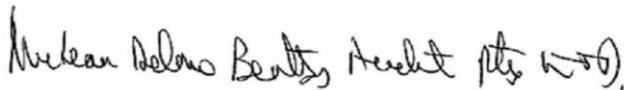
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
17 December 2021