

# **Butterfly Foundation Ltd**

ABN 42 102 193 582

## **Financial Report**

**For the Year Ended 30 June 2022**

# Butterfly Foundation

ABN 42 102 193 582

## CONTENTS

	Page
Directors' Report	1
Auditor's Independence Declaration	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	24
Independent Auditor's Report	25

# Butterfly Foundation

ABN 42 102 193 582

## Directors' Report

The Directors present this report on the Butterfly Foundation (Butterfly) for the year ended 30 June 2022.

### 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  
Paul Salteri AO  
Michael Same  
Emeritus Professor Susan Jessica Paxton (resigned 31 July 2021)

### Principal Activities

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.

# Butterfly Foundation

ABN 42 102 193 582

## Directors' Report

### Key activities in 2021/2022

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 our:
  - Lived Experience Community Insights Group that helps inform our organisation's strategic priorities and direction
  - Butterfly Collective, an online forum which now has a membership of more than 400 people who support Butterfly and the sector's activities with insights and engagement. Over the past year they participated in 43 engagements – 17 from Butterfly and 26 from external stakeholders, including research on eating disorder stigma, communication and fundraising campaigns, and NEDC clinical guidelines for supporting people at a higher weight.
- Pathfinders – Butterfly's speaker program, now with 80 trained spokespeople for media, corporate partnership, 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 An Eating Disorder Looks Like Me, Body Kind Online (in partnership with Instagram) and The Next 20, celebrating Butterfly's 20<sup>th</sup> anniversary. Our Let's Talk podcast, and Let's Talk In Depth monthly interview continued to gain followers, with an increase of 123% in Season Two. Winner of the Mental Health Service Sound/Vision Journalism Award.
- 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;
  - Continued to drive engagement with the world's first positive body image chatbot, KIT, to provide education and evidence-based coping skills and relieve Helpline demand.
- 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.
- Delivered Body Kind Schools and Body Kind Families during September, and launched Body Kind Online in February, with the key message of encouraging people to be kind to their own body and to others, online and face to face.
- Through its 100% ownership of Butterfly Residential Care Pty Ltd commenced the operations at Wandi Nerida – Australia's first Residential Treatment facility dedicated to those suffering with eating disorders, which opened in July 2021.

# Butterfly Foundation

ABN 42 102 193 582

## Directors' Report

### Key activities in 2021/2022 (continued)

- Butterfly continues to support collaboration and system building in the Australian Eating Disorder Sector through the National Eating Disorder Collaboration contract from the Federal Government. NEDC's work, led by its National Director and Chair, has included the implementation with the Australia and New Zealand Academy of Eating Disorders of a system of credentialing for mental health clinicians and dietitians providing treatment for eating disorders; a new National Training Framework, provision of training and supervision packages for 950 clinicians, freely accessible core skills training for GPs and mental health clinicians, and a new guideline: *Management of eating disorders for people with higher weight: clinical practice guideline*.

### Post Balance Date

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

## 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 AO, 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 Audit Committee

The Butterfly Audit Committee assists the board in developing board policy and monitoring activity, particularly around the audit, appointment of auditors, internal control systems and independence of auditors. Members of the committee include Michael Same (chair), Paul Salteri AO, Anna Cullinane (Head of finance), Kevin Barrow (CEO).

### Butterfly Clinical Safety and Quality Committee

The Butterfly Safety and Quality Committee assists the board in ensuring that i) appropriate clinical and service governance is established and maintained and ii) to provide advice in relation to all clinical and clinically informed services provided by Butterfly Foundation.

Members of the committee include Prof Richard Newton (Chair), Kevin Barrow (CEO), Dr Sue Byrne, Dr Julie Phillips, Dr Beth Shelton, Joanne Cook.

# Butterfly Foundation

ABN 42 102 193 582

## Directors' Report

### Information on Directors

#### David Murray AO

Chairman

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

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

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.

#### 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 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.

# Butterfly Foundation

ABN 42 102 193 582

## Directors' Report

### Information on Directors (continued)

#### **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 26 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, and has been a member of the School Council since 2017.

#### **Professor John Richard Newton**

*Qualifications: MBChB (Edin), MRCPsych, FRANZCP*

Richard an Adjunct Professor at Monash University and a consultant adult psychiatrist within 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, Wellways and Wandi Nerida. 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 75 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. He is the recipient of the 2021 RANZCP College Citation.

#### **Paul Salteri AO**

*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 and then Officer of the Order of Australia in 2021. 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. After leaving the Chartered Accounting Practice, this has continued with Michael consulting privately to small business and families. This is backed up with over 40 years in the industry.

His interests are broadened by his charitable involvement as Director of the Maccabi Victoria Foundation Pty Ltd, and on the board of the PNET Cancer Foundation. Michael was awarded life membership of Maccabi Victoria in 2021.

# Butterfly Foundation

ABN 42 102 193 582

## Directors' Report

### Meetings of Directors

During the financial year, Directors were eligible to attend, and attended, the following meetings:

Name	Board Meetings	
	Eligible to Attend	Attended
David Murray AO (Chair)	6	6
Anne Doherty	6	6
Catherine Happ	6	4
Jo Cook	6	6
Michael Same	6	6
Paul Salteri AO	6	5
Richard Newton	6	5
Tony Gill	6	5
Susan Paxton	1	1

### 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.

### Contributions on winding up

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 2022 the collective liability of members was \$1,300 (2021: \$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.

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

David Murray AO  
Chair



Signed this 10 day of October 2022

Michael Same  
Director



**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 2022 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

**McLean Delmo Bentleys Audit Pty Ltd**



**Frederic Ferges**  
Partner

Hawthorn  
10 October 2022

# Butterfly Foundation

ABN 42 102 193 582

## Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2022

	<u>Note</u>	<u>2022</u> \$	<u>2021</u> \$
Revenue	2	9,419,994	11,438,084
Personnel Expenses		(6,210,208)	(6,274,374)
Program Expenses		(940,056)	(1,048,663)
Depreciation and Amortisation Expense		(246,281)	(211,202)
Other Expenses		<u>(803,713)</u>	<u>(2,919,822)</u>
<b>Surplus/(Deficit) from Operating activities</b>	4	<b>1,219,736</b>	<b>984,023</b>
Finance income		29,421	55,237
Finance expense		<u>(30,430)</u>	<u>(34,137)</u>
<b>Net finance income</b>	3	<b>(1,009)</b>	<b>21,100</b>
<b>Surplus/(Deficit) for the year</b>		<b>1,218,727</b>	<b>1,005,123</b>
<b>Other comprehensive income</b>			
Gains on investments in equity instruments designated as fair value through other comprehensive income	14	<u>(176,891)</u>	<u>612,749</u>
<b>Total other comprehensive income for the year</b>		<b><u>(176,891)</u></b>	<b><u>612,749</u></b>
<b>Total comprehensive income for the year</b>		<b><u>1,041,836</u></b>	<b><u>1,617,872</u></b>

The accompanying notes form part of these financial statements.

# Butterfly Foundation

ABN 42 102 193 582

## Statement of Financial Position

As At 30 June 2022

	2022	2021
Note	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	5 5,449,621	3,949,243
Trade and other receivables	6 636,415	784,487
Total current assets	<u>6,086,036</u>	<u>4,733,730</u>
<b>Non-current assets</b>		
Financial assets	7 4,633,878	5,000,710
Plant and equipment	8 110,730	108,789
Right of use assets	9 558,243	675,473
Total non-current assets	<u>5,302,851</u>	<u>5,784,972</u>
<b>Total assets</b>	<b><u>11,388,887</u></b>	<b><u>10,518,702</u></b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	10 563,149	812,675
Other liabilities	11 1,672,415	1,564,448
Provisions	12 368,487	308,364
Lease liabilities	13 223,562	164,819
Total current liabilities	<u>2,827,613</u>	<u>2,850,306</u>
<b>Non-current liabilities</b>		
Provisions	12 146,998	123,874
Lease liabilities	13 367,246	539,328
Total non-current liabilities	<u>514,244</u>	<u>663,202</u>
<b>Total liabilities</b>	<b><u>3,341,857</u></b>	<b><u>3,513,508</u></b>
<b>Net Assets</b>	<b><u>8,047,030</u></b>	<b><u>7,005,194</u></b>
<b>Equity</b>		
Reserves	14 4,275,390	4,433,699
Retained surplus	<u>3,771,640</u>	<u>2,571,495</u>
<b>Total Equity</b>	<b><u>8,047,030</u></b>	<b><u>7,005,194</u></b>

The accompanying notes form part of these financial statements.

# Butterfly Foundation

ABN 42 102 193 582

## Statement of Changes in Equity

For The Year Ended 30 June 2022

	<u>Reserves</u> \$	<u>Retained Surplus</u> \$	<u>Total Equity</u> \$
<b>Balance at 1 July 2020</b>	<b>3,815,790</b>	<b>1,571,532</b>	<b>5,387,322</b>
Surplus for the year	-	1,005,123	1,005,123
Other comprehensive income for the year	612,749	-	612,749
Transfer of capital fund contributions to reserves	<u>5,160</u>	<u>(5,160)</u>	-
<b>Balance at 30 June 2021</b>	<b>4,433,699</b>	<b>2,571,495</b>	<b>7,005,194</b>
Surplus for the year	-	1,218,727	1,218,727
Other comprehensive income for the year	(176,891)	-	(176,891)
Transfer of capital fund contributions to reserves	<u>18,582</u>	<u>(18,582)</u>	-
<b>Balance at 30 June 2022</b>	<b><u>4,275,390</u></b>	<b><u>3,771,640</u></b>	<b><u>8,047,030</u></b>

The accompanying notes form part of these financial statements.

# Butterfly Foundation

ABN 42 102 193 582

## Statement of Cash Flows

For The Year Ended 30 June 2021

	<b>2022</b>	<b>2021</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from fundraising, grants and donations	10,158,750	10,691,712
Payments to suppliers and employees	(8,192,639)	(10,319,461)
Short term, low value and variable lease payments	(60,334)	(70,152)
Interest paid on lease liabilities	(30,430)	(34,137)
Dividends Received	27,509	52,195
Interest Received	1,912	3,042
Net cash provided by operating activities	15 <u>1,904,768</u>	<u>323,199</u>
<b>Cash Flows from Investing Activities</b>		
Payment for plant and equipment	(36,000)	(98,865)
Proceeds / (Payments) from sale of financial assets	189,941	834,584
Payment for investment in financial asset – unlisted trust	<u>(350,000)</u>	<u>(700,000)</u>
Net cash (used in) / provided by investing activities	<u>(196,059)</u>	<u>35,719</u>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from / (repayment of) related party loans	-	(523,134)
Payment for lease liabilities	<u>(208,331)</u>	<u>(157,863)</u>
Net cash used in financing activities	<u>(208,331)</u>	<u>(680,997)</u>
<b>Net increase / (decrease) in cash held</b>	<b>1,500,378</b>	<b>(322,079)</b>
Cash at the beginning of the year	<u>3,949,243</u>	<u>4,271,322</u>
<b>Cash at the end of the year</b>	5 <u><u>5,449,621</u></u>	<u><u>3,949,243</u></u>

The accompanying notes form part of these financial statements.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001 requirements to prepare and distribute financial statements to the members of Butterfly Foundation Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Butterfly Foundation Ltd.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1k.

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 company 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.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies (Cont'd)

#### (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 company 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.

#### (d) Revenue

When the company 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 company:

- 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 company:

- 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 company recognises income in profit or loss when or as it satisfies its obligations under the contract.

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

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies (Cont'd)

#### (d) Revenue (continued)

Interest income is recognised using the effective interest method. The company recognises dividends in profit or loss only when the company'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.

#### (f) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company 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.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

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

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.

The company 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 company 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 company'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.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

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

#### *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 company 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 company 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.

#### **Impairment**

The company 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 company 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 company assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the company 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 company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

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

#### *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 company 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.

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 company 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 company 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.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

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

#### The company as lessee

At inception of a contract, the company 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 company where the company 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 company uses the incremental borrowing rate.

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 company 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 2022.

### (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 company. The directors have decided not to early adopt any of the new and amended pronouncements.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

	2022 \$	2021 \$
<b>2 Revenue</b>		
Government funding		
- Commonwealth funding	5,879,060	5,053,206
- Commonwealth funding – COVID-19	-	680,000
- State funding	199,436	317,182
	<u>6,078,496</u>	<u>6,050,388</u>
Other revenue		
- Donations	1,487,260	3,313,189
- Contributions from Corporations, Trust & Foundations	1,114,315	1,902,969
- Contributions from BRC	463,215	-
- Services income	134,911	170,168
- Sundry income	141,797	1,370
	<u>3,341,498</u>	<u>5,387,696</u>
Total revenue	<u><u>9,419,994</u></u>	<u><u>11,438,084</u></u>
<b>3 Finance Income and Expenses</b>		
Finance income		
- Investment income	27,509	52,195
- Interest income	1,912	3,042
	<u>29,421</u>	<u>55,237</u>
Finance expense		
- Interest on lease liabilities	30,430	34,137
	<u>30,430</u>	<u>34,137</u>
Net finance income / (expense)	<u><u>(1,009)</u></u>	<u><u>21,100</u></u>
<b>4 Surplus/(Deficit) from Operating activities</b>		
(a) The following significant expense items are relevant in explaining the financial performance:		
- Depreciation of plant and equipment	34,059	42,334
- Depreciation of right of use assets	212,222	168,868
- Short-term and low value lease expense	60,334	70,152
	<u>60,334</u>	<u>70,152</u>
(b) Auditor's Remuneration		
Remuneration of auditor for auditing the financial report	<u>14,500</u>	<u>17,520</u>

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

	2022 \$	2021 \$
<b>5 Cash and Cash Equivalents</b>		
Cash on hand	501	501
Cash at bank	5,449,120	3,948,742
Total cash and cash equivalents	<u>5,449,621</u>	<u>3,949,243</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>5,449,621</u>	<u>3,949,243</u>
---------------------------	------------------	------------------

### 6 Trade and Other Receivables

Accounts receivable	14,832	10,624
Related party loan	523,134	523,134
Related party receivable	-	196,584
Other receivables	5,507	-
Deposits	1,500	9,100
Prepayments	91,442	43,554
GST receivables	-	1,491
Total trade and other receivables	<u>636,415</u>	<u>784,487</u>

### 7 Financial Assets

Term deposits	651,193	638,854
Investments – listed entities	626,095	938,364
Investments – unlisted trust <sup>(1)</sup>	3,356,470	3,423,372
Investments – unlisted company <sup>(2)</sup>	120	120
Total financial assets	<u>4,633,878</u>	<u>5,000,710</u>

(1) The Butterfly Foundation holds 100% (2021: 100%) of the units in the Butterfly ended Residential Trust. The Butterfly ended Residential Trust had net assets of \$3,356,470 at 30 June 2022 (2021: \$3,423,372).

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.

(2) The Butterfly Foundation holds 100% (2021: 100%) of the shares in Butterfly Residential Care Pty Ltd.

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

	2022 \$	2021 \$
<b>8 Plant and Equipment</b>		
Office equipment - at cost	329,678	293,678
Less accumulated depreciation	<u>(279,260)</u>	<u>(260,280)</u>
	50,418	33,398
Motor vehicles - at cost	75,391	75,391
Less accumulated depreciation	<u>(15,079)</u>	<u>-</u>
	60,312	75,391
Total plant and equipment	<u>110,730</u>	<u>108,789</u>

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Office equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2020	52,258	-	52,258
Additions	23,474	75,391	98,865
Depreciation expense	<u>(42,334)</u>	<u>-</u>	<u>(42,334)</u>
Balance at 30 June 2021	33,398	75,391	108,789
Additions	36,000	-	36,000
Depreciation expense	<u>(18,980)</u>	<u>(15,079)</u>	<u>(34,059)</u>
Balance at 30 June 2022	<u>50,418</u>	<u>60,312</u>	<u>110,730</u>

	2022 \$	2021 \$
<b>9 Right Of Use Assets</b>		
Leased Building	1,108,201	1,013,210
Accumulated depreciation	<u>(549,958)</u>	<u>(337,737)</u>
Total right of use assets	<u>558,243</u>	<u>675,473</u>

<b>10 Trade and Other Payables</b>		
Accounts payable	-	44,765
Related party payable	60,581	-
Other payables and accruals	442,858	417,910
Deferred settlement	-	350,000
GST Payable	<u>59,710</u>	<u>-</u>
Total trade and other payables	<u>563,149</u>	<u>812,675</u>

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>11 Other Liabilities</b>		
Funds received in advance	1,672,415	1,564,448
<b>12 Provisions</b>		
<b>Current</b>		
Employee benefits	368,487	308,364
<b>Non-current</b>		
Employee benefits	146,998	123,874
<b>13 Lease Liabilities</b>		
<b>Current</b>		
Lease liabilities	223,562	164,819
<b>Non-current</b>		
Lease liabilities	367,246	539,328
<b>14 Reserves</b>		
Capital fund contributions	1,773,327	1,754,745
Investments Market Revaluation Reserve	2,502,063	2,678,954
Total reserves	4,275,390	4,433,699

During the 2022 financial year, capital fund donations of \$18,582 were received (2021: \$5,160).

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	1,218,727	1,005,123
Non-cash flows in profit:		
- Depreciation and amortisation	246,281	211,202
Changes in assets and liabilities:		
- Decrease in accounts receivable and other debtors	148,072	410,048
- Decrease in accounts payable and other payables	100,474	185,888
- Increase in provisions	83,247	30,025
- Increase / (decrease) in other liabilities	107,967	(1,519,087)
Cash flows provided by operating activities	1,904,768	323,199

# Butterfly Foundation

ABN 42 102 193 582

## Notes To The Financial Statements

For The Year Ended 30 June 2022

### 16 Commitments

The building property lease commitments at 30 June 2022 are recognised in the financial statements.

### 17 Related Party Transactions

Rental payments of \$16,480 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 matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

### 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 2022 (2021: \$110,863).

### 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

ABN 42 102 193 582

## Directors' Declaration

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001 requirements to prepare and distribute financial statements to the members of Butterfly Foundation Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- and there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

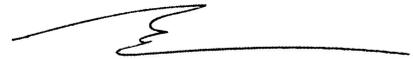
Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Murray AO  
Chair



Michael Same  
Director



Signed this 10 day of October 2022

## 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 2022, 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 2022 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

McLean Delmo Bentleys Audit Pty Ltd



Frederic Ferges  
Partner

Hawthorn  
11 October 2022