Variety – the Children's Charity (NSW)

ABN 38 003 354 934

Financial Report

variety
the children's charity®

For the year ended 30 September 2018

Contents

Directors' Report

Your directors submit their report of Variety - the Children's Charity (NSW) for the year ended 30 September 2018.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Qualifications, experience and special responsibilities

John Dennis
Chair

John has been a Director of NFP/ DGR status Charities and Foundations since 2001. He has been involved with Variety NSW since 2007 as a major donor and Bash participant; as a Board member since 2012; Deputy Chair since 2015 and Chair since 2017. John holds Bachelor of Commerce (Accounting, Finance & Systems) and Master of Commerce (Finance) degrees.

In 1984, he established the Australian Structured Finance Group - a leading corporate finance business. As CEO since inception, John's experience extends to all aspects of business networking, revenue generation, management, compliance and corporate governance. In 2003, John was elected to the governing Council of the Australian Equipment Lessors Association (AELA) becoming Deputy Chairman in 2006/07 and Chairman in 2007/08. In 2017 as the longest serving Councillor of an organisation whose members fund over $90 Billion of assets across Australia, he represented AELA in its restructure into the Equipment Finance Division of the Australian Finance Industry Association.

John offers strong fundraising experience – both at micro and macro level; he has sound financial management and compliance skills; he has long term experience at Committee/Board/Council level within charitable foundations and industry lobby groups; he is an active networker and has a strong affinity with Variety NSW and the work we undertake.

John Hoffman
Deputy Chair

John joined the Variety NSW Board in 2015 after serving a year on the Revenue Committee. John brings extensive experience in technology, innovation, leadership and human resources. John spent the last 11 years as the Chief Executive of Altis Consulting which is Australia's largest independent Data & Analytics consultancy with over 100 team members across three countries.

Altis is one of only a handful of companies recognized by Great Places to Work as a Top 50 places to work for 9 years in a row. Prior to Altis, John led two different digital agencies and moved to Australia from Silicon Valley in 2000. John has a MBA from the Australian Graduate School of Management, a Bachelor of Arts in economics from the University of California, San Diego, became a member of the Australian Institute of Company

Directors in 2007 and is a Pay Equity Ambassador for Australian Government Workplace Gender Equality Agency.

"It is fantastic to see the positive impact Variety has on children and their families. I originally became involved with Variety through its corporate partnership function and I think there is a great opportunity for other companies to enable their staff to have a direct impact on their local community and kids and families that need support."

Tertius Campbell
Treasurer

Tertius joined the Variety NSW Finance Committee in 2015 and was elected to the Board in 2016. He is a qualified Chartered Accountant (Australia and South Africa ex-PWC) with extensive Finance, IT and general business knowledge and experience gained across a variety of industries. He is a seasoned business leader, having held a number of executive Finance and IT positions at large multi-national corporations in both Australia and South Africa. Corporations such as SA Breweries, Macsteel and UXC and currently holds the position of CFO of Capral Aluminium. During his career, he also initiated and led entrepreneurial ventures and lectured at an internationally renowned university.

On the Not-for-Profit front, Tertius was an inaugural director of Manufacturing Australia (an advocacy industry body of major manufacturers in Australia) holding the position of Treasurer since inception.

Julie Babineau

Julie joined Variety NSW as a member of the Revenue Committee in 2014 and has been a Director of the Variety NSW Board since December 2014. She began to chair the Grants Committee in January 2016.

Julie has held leadership positions in the health and community services sectors in both Australia and Canada. She has a wealth of experience in policy, planning and strategy as well as an extensive knowledge of the health needs of disadvantaged populations. For seven years Julie was the CEO NSW Justice Health and Forensic Mental Health Network, which serves a diverse and vulnerable population. Julie made a career move to the Not for Profit Sector in April 2016 when she became the CEO of Odyssey House NSW.

Julie has and continues to be involved in a range of volunteer activities helping disadvantaged individuals and at times wishes she was back in her native Canada to be closer to her eight-year-old gorgeous grandnephew who was diagnosed with Duchenne muscular dystrophy at birth. Julie is honoured to be part of Variety's vision to empower all children who are sick, disadvantaged or who have special needs, to live, laugh and learn.

Julie holds a Masters of Social Services from Université de Sherbrooke, a Bachelor of Science in Physical Education and Psychology from University of Ottawa and is a Graduate of the Australian Institute of Company Directors.

Jack Cannons AM

With a long history of involvement with Variety locally, nationally and internationally, Jack re-joined the Variety NSW Board in December 2016 after a hiatus.

He's previously held the following roles within the organisation:

- Board Member – Variety – the Children's Charity (NSW) – 1992 – 2011
- Chair – Variety – the Children's Charity (NSW) - 2004 – 2006
- Deputy Chair – Variety Australia – 2006 – 2009
- Vice President / Board Member – Variety International - 2006 – 2012
- Chair – Variety Australia – 2009 – 2011
- CEO – Variety International – 2012 – 2013

Jack is currently Chair of the NSW Motoring Events Committee.

Geoff Davis
Board Member to March 2018

Geoff Davis has been an active member of Variety NSW since 1995 and in 2012 was awarded a Lifetime Membership. During those years he has chaired and been a team member of numerous committees and events including:

- Sunshine Coach Committees
- Executive Committee member of Newcastle & Nth Coast Development Motoring Events Committee Member
- Vendor Committee Member
- Committee Chair of Community and Outdoor Events
- Member of the Revenue Committee
- Member of the Events and Ambassadors Committee

Retiring after 27 years of national, regional and senior management transport roles with Pioneer/Hansen P/L and Australia Post Transport Fleet & Systems. Geoff continues to support Variety NSW Tent 56 because once Variety gets into your blood and being able to help those Children disadvantaged in exchange for those treasured smiles says it all.

Peter Hebbes AM

Peter has been an active member of Variety NSW since 1987 and in 2003 was awarded a Lifetime Membership. In the past Peter has chaired a number of events, organising and management Committees, in 1990 he was elected Chairman of Variety NSW, and in 2000/2001 he was appointed as Chief Barker of Variety NSW. Peter has also served as the NSW Motoring Events Chairman for 15 years and the National Chair for two years. In 2012, Peter was again elected as the Chief Barker of Variety NSW and also appointed to the National Board "Variety Australia".

By profession, Peter has his own Music Publishing Company and acts as a Consultant and Music Business Manager to the Theatrical, Film, Television and Music industry. In addition, Peter is on the Music Industry Boards of the Australasian Music Publishers Association Ltd. (AMPAL), the Australasian Mechanical Copyright Owners Society (AMCOS), and he is also a Trustee of The Golden Stave Foundation and a past Director of the Nordoff-Robbins Music Therapy Association of Australia. In 2006, Peter was awarded The Order of Australia (AM) for his services to the community as a fundraiser, particularly on behalf of the Golden Stave Foundation, Variety NSW, the Nordoff-Robbins Music Therapy Association of Australia and the Music Industry.

Brian Hoare AM
Board Member to June 2018

Brian has been involved with Variety NSW for over 28 years commencing as a participant in the 1988 Bourke to Blatherskite Bash and has completed 28 B to B Bashes since as well as 8 NSW Bashes and 9 4WD Adventures and is a Bash Hall of Fame Inductee.

Brian served as a Variety NSW Board Member from 2011 to 2014 and during this time was the Motoring Events Chairman he served as the Deputy Chairman Tent No.56 in 2014. He is currently the Ex-Officio Member - Variety Coordinator, The Bay Push, Batemans Bay.

Brian was the Chief Executive Officer and Vice President of Crown Equipment with over 40 years' experience in Manufacturing, Service, Rentals, Legal and Human Resources associated with the Forklift Industry. He is retired but remains a Non-Executive Director of Crown.

Brian has served on various other charity boards including Adele House (Drug and Alcohol Rehabilitation), and Interaction Disability Services.

Brian is a Fellow, Australian Institute of Company Directors and was awarded the Order of Australia in 2016 for "service to the community, and the manufacturing sector".

Greg Lewis

Greg has been associated with Variety NSW since 1995 when he was provided support with a laptop. The laptop enabled Greg, who has Cerebral Palsy, to attend mainstream high school and complete subjects that interested Greg and ultimately assisted in him carrying out a career in the IT Industry.

Greg has been assisting Variety NSW by telling his story at a number of Variety and Corporate Sponsors events since 2005. Greg was also awarded the 2014 Variety National Youth Hearts Award

Greg has been a member of Young Variety committee since 2010 and joined the Grants committee in 2013 and joined the board as a director in November 2013.

Dr Amanda Mead

Dr Amanda Mead B.Sc. (Hons), M.Com., Ph.D., GAICD, has been a Director of Variety NSW since 2004 and, in 2015 was elected the Chair of Variety NSW and a Director of Variety Australia.

She has been the Chair and Member of several Variety NSW committees, most notably the Grants and Programs Committee from 2008 to 2015 and the inaugural Co-Chair of the Risk and Governance Committee.

Amanda came to Variety with a wealth of senior-level marketing experience, both nationally and internationally. Since joining Variety, Amanda has been active as a Director and has supplemented her experience with formal qualifications from the Australian Institute of Company Directors, achieving Graduate Member status (GAICD) in 2011. In 2012 she was awarded a lifetime membership of Variety.

Paul Mullaly

Paul's introduction to Variety was by attending an event in late 1980s and then as an entrant in the 1991 B to B Bash. Since that time Paul has supported Variety in many ways including 24 B to B Bashes as either an Official or Entrant, an entrant in six Newcastle Splashes, volunteering at over 15 Variety Children's Christmas Parties, attending numerous Variety NSW functions including the Heart Awards, lunches, dinners, events and fundraising events. Paul has also attended numerous Variety International Conventions, where, with other members of his family, was awarded an International Presidential Citation for their support of Variety.

In 2009, after almost 10 years on the Sunshine Coach Committee, Paul joined the Variety NSW Board and continues on the Board today. During his time on the Board, Paul has served as Deputy Chief Barker, Chief Barker and on numerous committees including Grants, Motoring, Events and Finance. Paul is the current Chair of the Variety Australia Board, having joined this Board in 2015. He is also a member of the Variety Asia Pacific Committee.

After a career of 30 years in the construction and engineering industry, working at times as a Site Engineer, Project Manager, Construction Manager and Managing Director, Paul is currently a director of his family owned business.

Paul holds a Bachelor of Engineering and a Master's Degree in Engineering Management as well as a commercial pilot's licence.

Justine Perkins
Appointed September 2018

Justine is originally from Queensland and a University of Queensland graduate in Arts/Law. In 1996, Justine's career pursuits from solicitor to inhouse counsel specialising in telecommunications, led her from Brisbane to Sydney. After 15 years in practice, Justine took time out to start a family. Justine didn't return to the law but instead found herself on a different course following the death of her second child Olivia in 2006.

In memory of their daughter, Justine and her husband John, co-founded the Touched by Olivia Foundation, to create inclusive playspaces across Australia. Through its work, the charity has redefined the state of play in Australia and has orchestrated a quantum shift in the design of playgrounds to cater for all, regardless of ability or background. Justine continues to advocate for inclusion through her work on the Variety Board and as a passionate mother to her 4 living children. In her spare time and to maintain her sanity, Justine runs marathons and swims.

Caoimhe Toouli
Appointed June 2018

Caoimhe joined the Variety NSW Board and the Finance Committee in 2018. Caoimhe brings extensive experience in finance and governance as well as innovation and leadership.

Caoimhe is an Audit and Assurance Partner at KPMG, where she has worked for 20 years in the Sydney, Silicon Valley and Dublin offices.

Her experience with KPMG covers a broad range of domestic and global technology and media clients, recently including companies such as Canva, WiseTech Global, Enero and the ABC.

Caoimhe is a Member of the Institute of Chartered Accountants in Australia, and a Fellow of the of the Institute of Chartered Accountants Ireland, a Registered Company Auditor – Australia, and qualified as a CPA whilst in the US (2006).

INTERESTS IN THE CONTRACTS OR PROPOSED CONTRACTS

The Directors had no interests in contracts or proposed contracts with Variety during the course of the financial year other than noted in the statutory information of this report.

COMPANY SECRETARY

Bryan Mattes BEc (Hons), CPA, Head of Finance & Corporate Services, has been the Company Secretary of Variety - the Children's Charity (NSW) for the whole of the 2018 Financial Year.

DIVIDENDS

No dividends were paid out in the 2018 Financial Year.

CORPORATE INFORMATION

Variety - the Children's Charity (NSW) is a public company limited by guarantee that is incorporated and domiciled in Australia.

The Company is a Member of Variety International, which incorporates 45 entities operating in 14 different countries across the globe. All Variety entities operate under the same mission to support children who are sick, disadvantaged or who have special needs. There are eight separate Variety offices around Australia

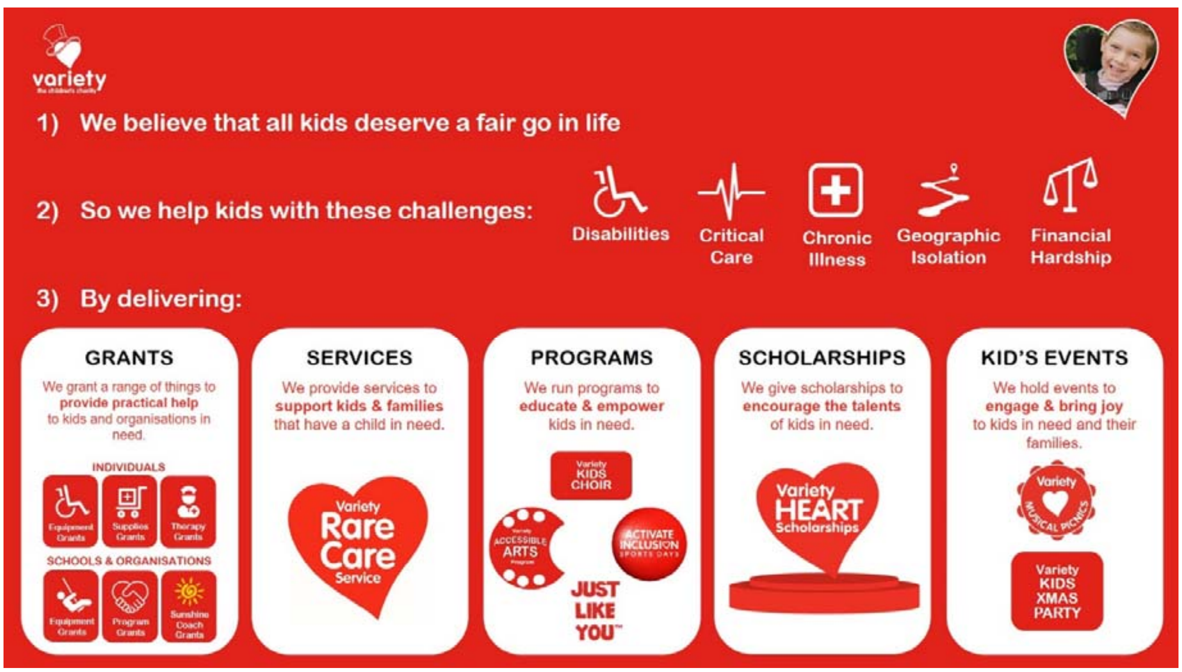
Directors' Report (continued)

that operate similar activities to Variety – the Children's Charity (NSW) and whom work together to deliver national campaigns and achieve operational efficiencies. The seven Australian State and Territory Variety entities together own 100% of shares in the national entity of Variety Australia, who has been appointed the responsibility to review governance and the coordination of international reporting.

The registered office and principal place of business of the Company is 47 Herbert Street, Artarmon, NSW 2064. The Company employed 30 staff at 30 September 2018 (30 September 2017: 28).

STRATEGY AND OBJECTIVES

Variety - the Children's Charity (NSW) has the long-term objective of striving to meet unmet needs that empower children who are sick, disadvantaged or have special needs to live, laugh and learn. Each year this long-term objective is translated into a yearly objective of fundraising and granting appeals.



Variety strives to meet these objectives through the operation of core grants programs, with help of dedicated staff, volunteers and generous individual and corporate supporters.

Variety - the Children's Charity (NSW) purchases all equipment granted directly to ensure that funds are always appropriately directed.

PRINCIPAL ACTIVITIES

The principal activities of Variety - the Children's Charity (NSW) during the year was to undertake varied fundraising activities with a view to generate funds to enable the delivery of aid to Australian children who are sick, disadvantaged or have special needs, through grants, services, programs, scholarships and kid's events.

Directors' Report (continued)

Variety's principal fundraising activity involves the running of multiple large fundraising events including the Variety B-to-B Bash, Variety NSW Bash, Variety Postie Bike Dash, Variety Big Kids Ball and Variety of Chefs, as well as major corporate partnerships and campaigns. A detailed breakdown of Variety NSW's cost of fundraising can be found in Note 4 to the Accounts on Page 22.

There were no changes to the nature of Variety's operations during the year.

OPERATING RESULTS FOR THE YEAR

Operating revenue

The operating revenue for the year ended 30 September 2018 was $10,602,067 (30 September 2017: $9,874,358).

Operating result before Kids Support Framework appeals and delivery

The operating result before Kids Support Framework appeals granted and delivery costs for the year ended 30 September 2018 was $4,106,078 (30 September 2017: $4,167,747).

Kids Support Framework appeals granted

Appeals granted to sick, special needs and disadvantaged children for the year ended 30 September 2018 was $3,524,586 (30 September 2017: $3,469,157).

Net operating result

The net deficit for the year ended 30 September 2018 was $193,475 (2017 net surplus: $51,692).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company, which occurred during the financial year, not otherwise disclosed in this Annual Financial Report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, the Directors have not become aware of any matter or circumstances not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, there are no likely changes in the operations of the Company, which will adversely affect the results of the Company in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation.

DIRECTORS' BENEFITS

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the Company with the Director or with a firm of which they are a member, or with a Company in which they have substantial financial interest except for those items disclosed in the notes to this Annual Financial Report.

Directors' Report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Variety - the Children's Charity (NSW) has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Directors and Executive Officers of Variety. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be identified by Variety under Section 300 of the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

DIRECTOR'S MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings Attended	Directors' Meetings Eligible to Attend
Julie Babineau	9	11
Tertius Campbell	10	11
Jack Cannons AM	11	11
Geoff Davis *(resigned 28 March 2018)*	3	5
John Dennis	11	11
Peter Hebbes AM	9	11
Brian Hoare AM *(resigned 7 June 2018)*	5	7
John Hoffman	10	11
Greg Lewis	11	11
Dr Amanda Mead	11	11
Paul Mullaly	11	11
Justine Perkins *(appointed 25 September 2018)*	1	1
Caoimhe Toouli *(appointed 26 June 2018)*	4	4

Directors' Report (continued)

MEMBERS GUARANTEE

In the event of the Company being wound up, member's liability is limited to an amount of $100. If the Company ceases to operate, assets are distributed to some other institution or institutions with similar objectives.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 11 of the report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of the directors

John Dennis
Director/Chairperson

Tertius Campbell
Director/Treasurer

Sydney, 16 November 2018

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Auditor's Independence Declaration to the Directors of Variety - the Children's Charity (NSW)

In relation to our audit of the financial report of Variety - the Children's Charity (NSW) for the financial year ended 30 September 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst + Young

Ernst & Young

John Robinson
Partner
Sydney
16 November 2018

Statement of Comprehensive Income

For the year ended 30 September 2018

	Note	2018 $	2017 $
Fundraising income	4	9,643,694	8,906,421
Contributions towards appeals granted		369,500	448,550
Contributions towards appeals granted (in-Kind)		463,660	439,740
Other income		125,213	79,647
Total revenues		10,602,067	9,874,358
Event Production Costs		(2,754,303)	(2,626,327)
Merchandise Costs		(225,025)	(110,686)
Fundraising Costs		(1,420,379)	(1,381,669)
Freedom House Project Costs		(513,456)	-
Total Cost of Fundraising		(4,913,163)	(4,118,682)
Gross Profit		5,688,904	5,755,676
Employee expense	5(a)	(501,178)	(490,928)
Advertising & promotion		(153,967)	(195,861)
Bank Charges		(24,351)	(17,202)
Occupancy Costs		(155,208)	(138,954)
Other Operating Costs		(215,356)	(241,217)
Travel & Accommodation		(53,943)	(42,644)
Depreciation	5(b) / 10(a)	(109,785)	(123,959)
Amortisation	10(b)	(11,506)	(2,421)
International and National Dues		(131,850)	(117,113)
Insurance		(66,021)	(60,680)
Consultants		(159,661)	(156,950)
Total expenses		(1,582,826)	(1,587,929)
Surplus before Kids Support Framework appeals and delivery		4,106,078	4,167,747
Kids Support Framework - granted		(3,524,586)	(3,469,157)
Kids Support Framework - (in-Kind)		(463,660)	(439,740)
Kids Support Framework - delivery		(311,307)	(207,158)
	4	(4,299,553)	(4,116,055)
Net surplus / (deficit) for the year before Income Tax		(193,475)	51,692
Income Tax		-	-
Total comprehensive income / (deficit) for the year		(193,475)	51,692

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 September 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	6	1,743,762	1,755,913
Trade and other receivables	7	635,458	788,050
Other current assets	8	1,859,964	2,063,905
Total current assets		4,239,184	4,607,868
Non-current assets			
Investments	9	85,200	85,200
Property, plant and equipment	10(a)	3,975,473	3,999,052
Intangibles	10(b)	129,419	9,683
Total non-current assets		4,190,092	4,093,935
TOTAL ASSETS		8,429,276	8,701,803
LIABILITIES			
Current liabilities			
Grants payable	11(a)	1,417,609	1,701,902
Trade and other payables	11(b)	584,457	409,978
Provisions	12	299,710	273,751
Deferred income	14	344,098	339,295
Total current liabilities		2,645,874	2,724,926
TOTAL LIABILITIES		2,645,872	2,724,926
NET ASSETS		5,783,402	5,976,877
EQUITY			
Accumulated surplus	15	5,783,402	5,976,877
TOTAL EQUITY		5,783,402	5,976,877

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 September 2018

	Accumulated surplus $	Revaluation Reserve $	Total equity $
At 1 October 2016	4,631,091	146,422	4,777,513
Surplus for the year	51,692	-	51,692
Revaluation of land and building	-	1,147,672	1,147,672
Total comprehensive income for the year	51,692	1,147,672	1,199,364
At 30 September 2017	**4,682,783**	**1,294,094**	**5,976,877**
Deficit for the year	(193,475)	-	(193,475)
Total comprehensive deficit for the year	(193,475)	-	(193,475)
At 30 September 2018	**4,489,308**	**1,294,094**	**5,783,402**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 September 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		9,660,364	8,608,862
Payments to suppliers and employees		(5,646,002)	(5,477,311)
Interest received		58,706	61,974
Appeals paid		(3,808,879)	(3,392,615)
Net cash flows from/(used in) operating activities		264,189	(199,090)
Cash flows from investing activities			
Funds transfer to term deposits with maturity >3 months		(37,871)	(1,536,746)
Funds transfer from term deposits with maturity < 3 months		-	-
Proceeds from sale of property, plant and equipment		49,234	-
Purchase of property, plant and equipment		(156,461)	(64,132)
Purchase of intangibles		(131,242)	(1,080)
Net cash flows used in investing activities		(276,340)	(1,601,958)
Net decrease in cash and cash equivalents		(12,151)	(1,801,048)
Cash and cash equivalents at beginning of year		1,755,913	3,556,961
Cash and cash equivalents at end of year	6	1,743,762	1,755,913

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 CORPORATE INFORMATION

The financial report of Variety - the Children's Charity (NSW) (the "Company") for the year ended 30 September 2018 was authorised for issue in accordance with a resolution of the directors on 16 November 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, the A*ustralian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accrual basis of accounting including the historical cost convention except as otherwise stated and the going concern assumption.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar ($) unless otherwise stated.

(b) Statement of compliance

The Company has adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 October 2011 and continued for the year ended 30 September 2018.

The Company is a not-for-profit, private entity and has prepared tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

The adoption of AASB 1053 and AASB 2010-2 allowed Variety to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

(c) New accounting standards and interpretations

(i) New accounting standards, amendments and interpretations

The following standards, amendments to standards and interpretations have been identified as those which are effective for annual periods beginning on or after 1 October 2017

- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

These amendments have had no impact on the Company's presentation or disclosure for the period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) New accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 September 2018. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of the following new or amended standards (to the extend relevant to the Company) and interpretations.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Trade and other receivables

Trade and other receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

(f) Property, plant, and equipment

Plant, and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. The land and building were revalued by an accredited valuer on 27 September 2017.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Buildings – 50 years
Property improvements – 4 years
Plant and equipment – 3-5 years
Motor vehicles – 4 years

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangibles

Intangibles are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the estimated useful life of the specific intangible assets as follows:

Software and systems – 4 years

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

Derecognition

An intangible item is derecognised when no further future economic benefits are expected from its use or disposal.

(h) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. No indicators for impairment have been identified by Management and as such no specific impairment testing has been done.

(i) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(j) Grants payable

Grants payable are approved by the board resulting in a constructive obligation to make a further payment to the applicant. The grant payable is recognised at the nominal value approved by the board.

(k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(m) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Employee leave benefits
(i) Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national high-quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Revenue recognition
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Events revenue
In some cases, revenue is received in respect of an event that falls into the following financial year. In such cases, the revenue and any associated costs are deferred and recognised as deferred income.

(ii) Donated goods
Goods are donated to be sold at auctions, or to be used in events or functions. In both cases, they are recognised as revenue at their replacement cost, and expensed when the goods are sold, or otherwise used.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

(iv) Donations of services

Donated services, such as the use of a conference centre to host an event, are recognised as revenue at their replacement cost. An equivalent amount is recognised as an expense, relating to the type of service donated.

The pledges received are not recognised as income until received in cash or till a firm commitment has been received.

(p) Deferred income

Deferred income is the income received in advance of the future event to which the income relates to. As the events are held, deferred income is recognised in the income statement as revenue.

(q) Income tax

The Company is exempt from income tax. It is a Deductible Gift Recipient (DGR) and an Income Tax Exempt Corporation (ITEC).

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology, economic and political environments and future expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

(ii) Significant accounting estimates and assumptions

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation and amortisation charges are included in note 5.

Assessment of fair value for donated goods and services

The assessment of fair value of goods and services donated to the Company is based on an estimation of their replacement cost. The replacement costs is determined mainly by reference to invoiced amounts prepared by suppliers based on their market rates of services or supplying cost of goods. The condition of any goods not used during the year is assessed at each balance date to determine whether any adjustments are necessary to the carrying value.

No other significant judgements, estimates and assumptions were made during the financial year.

4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS

Details of aggregate income and expenditure of fundraising are as follows:

	2018 Total Income $	2018 Direct Expenses $	2018 Net Income $	2017 Net Income $
Fundraising information				
Events	5,431,634	1,977,210	3,454,424	3,068,646
Corporate Partnerships	1,898,222	54,092	1,844,130	2,352,089
Freedom House Project	895,000	513,456	381,544	-
Individual Giving & Philanthropy	591,986	379,806	212,180	300,172
Community Fundraising	826,852	109,794	717,058	913,145
Unallocated Costs	-	76,135	(76,135)	-
Fundraising Staff Costs	-	1,802,670	(1,802,670)	(1,846,313)
Total contribution from fundraising	**9,643,694**	**4,913,163**	**4,730,531**	**4,787,739**
Contributions towards grants			369,500	448,550
Donations towards grants (in-Kind)			463,660	439,740
Other income			125,213	79,647
Administration costs			(1,582,826)	(1,587,929)
Net surplus before Kids Support Framework			4,106,078	4,167,747
Kids Support Framework Expenses (Grants / Delivery / in-Kind)			(4,299,553)	(4,116,055)
Net surplus / (deficit)			**(193,475)**	**51,692**

The costs of events staff salaries and other costs directly attributable to fundraising events are included in the cost of fundraising and excluded from administration expenses.

Unallocated costs relate to CRM software costs, which are not capitalised, used for fundraising across all revenue generating activities.

Total administration costs include an allocation of Variety Australia costs.

Goods and services in kind received of $991,157 (2017: $915,324) and goods and services in kind expended of $991,157 (2017: $915,324) are included in the relevant revenue or expense category.

4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS (continued)

Comparison of monetary figures and percentages	2018 $		2017 $	
Total income received	10,602,067	2.16	9,874,357	2.40
Total costs of fundraising & donations	4,913,163		4,118,682	

Every dollar spent as Cost of Fundraising raised $2.16 in 2018FY

	2018 $		2017 $	
Total cost of administration	1,582,826	15%	1,587,929	16%
Total income received	10,602,067		9,847,357	
Net surplus from fundraising & donations	5,688,904	54%	5,755,675	59%
Gross income from fundraising & donations	10,476,854		9,794,710	

The majority of costs represent event production expenses such as venues, staging, safety & welfare of participants and event catering. Due to the nature of the fundraising events organised by Variety, the delivery of events often requires significant production costs, which are generally covered in Variety's ticketing cost structure.

5 EXPENSES

		2018 $	2017 $
(a)	**Employee expense**		
	Wages and salaries	336,788	314,533
	Other employee benefit expense	62,375	55,598
	Staff training and development	39,164	37,622
	Recruitment	62,851	83,175
	Total employee expense	501,178	490,928
(b)	**Depreciation expense**		
	Buildings	36,001	36,478
	Plant and equipment	60,333	76,768
	Motor vehicles – in Overheads	13,451	10,713
	Deprecation in overheads	109,785	123,959
	Motor vehicles – in Cost of Fundraising	59,458	65,349
	Total depreciation expense	169,243	189,308

6 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 September 2018:

	2018 *$*	*2017* *$*
Cash in hand	140	325
Cash at bank	1,743,622	1,755,588
	1,743,762	1,755,913

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

7 TRADE AND OTHER RECEIVABLES (CURRENT)

	2018 *$*	*2017* *$*
Trade Receivables	-	-
Accrued income	635,458	788,050
Carrying amount other receivables	635,458	788,050

All other assets noted above are non-interest bearing and generally on indefinite terms. However, they are expected to be paid in the next 12 months and therefore are recorded as current assets.

8 OTHER CURRENT ASSETS

	2018 *$*	*2017* *$*
Prepayments	153,823	387,241
Inventory on Hand	6,693	97,828
GST Receivable	96,532	21,465
Credit Cards Prepaid	7,674	-
Funds on Term Deposit >3 months	1,595,242	1,557,371
	1,859,964	2,063,905

9 INVESTMENTS

	2018 $	2017 $
Investments in Variety Australia Limited - at cost	85,200	85,200
	85,200	85,200

10 FIXED ASSETS

(a) Property, plant and equipment

Reconciliation of carrying amounts at the beginning and end of the year:

	Land & Building	Plant & Equipment	Motor Vehicles	Total
At 1 October 2017 at Cost:	**3,750,000**	**505,172**	**308,745**	**4,563,917**
Accumulated Depreciation:	-	(378,624)	(186,241)	(564,865)
Net carrying Amount at 1 October 2017:	**3,750,000**	**126,548**	**122,504**	**3,999,052**
Additions:	-	29,982	126,479	156,461
Disposals (WDV):	-	-	(10,797)	(10,797)
Depreciation charge:	(36,001)	(60,333)	(72,909)	(169,243)
End of Year – net carrying amount:	**3,713,999**	**96,197**	**165,277**	**3,975,473**

(b) Intangibles
Reconciliation of carrying amounts at the beginning and end of the year

	Capitalised Software
At 1 October 2017 at Cost:	**12,104**
Accumulated Amortisation	(2,421)
Net carrying Amount at 1 October 2017:	**9,683**
Additions:	131,242
Disposals (WDV):	-
Amortisation charge:	(11,506)
End of Year – net carrying amount:	**129,419**

11 PAYABLES (CURRENT)

	2018 *$*	*2017* *$*
(a)		
Grants payable at 1 October	1,701,902	1,625,360
Appeals granted	3,524,586	3,469,157
Grants paid	(3,808,879)	(3,392,615)
Grants payable	1,417,609	1,701,902
(b)		
Trade payables	322,269	100,093
Other payables and accruals	262,188	309,885
Carrying amount of trade and other payables	584,457	409,978

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(ii) Other payables and accruals are non-interest bearing and have an average term of 30 days.

(iii) Appeals payable are non-interest bearing and are recognised at the nominal amounts approved by the board of directors. They are generally paid within 6 months of their approval.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

12 PROVISIONS

	2018 $	2017 $
Current		
Employee benefits	299,710	273,751
	299,710	273,751

Employee benefits
Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include long service leave and annual leave.

13 INTEREST-BEARING LOANS AND BORROWINGS

(a) Financing facilities available
At reporting date, the following bank financing facilities had been negotiated and were available:

	2018 $	2017 $
Total facilities available		
- Business credit card facility	50,000	50,000
	50,000	50,000
Facilities used at balance date		
- Business credit card facility	-	-
	-	-
Facilities unused at balance date		
- Business credit card facility	50,000	50,000
	50,000	50,000

Credit card facility used does not attract interest, with all payables settled by the due date, taking full advantage of the interest-free period on offer.

14 DEFERRED INCOME

	2018 $	2017 $
Deferred income	344,098	339,295
	344,098	339,295

15 ACCUMULATED SURPLUS

	2018 $	2017 $
Movements in accumulated surplus were as follows:		
Balance 1 October	5,976,877	4,777,513
Revaluation (Land and Building)	-	1,147,672
Net surplus/(deficit) for the year	(193,475)	51,692
Balance 30 September	5,783,402	5,976,877

16 STATEMENT OF CASH FLOWS RECONCILIATION
(a) Non-cash financing and investing activities

Credit card facility
At balance date, The Westpac Banking Corporation provided the organisation with a business credit card facility with a limit of $50,000 (2017: $50,000). The balance owing at 30 September 2018 is reflected in the liabilities. Credit card facility used does not attract interest, with all payables settled by the due date, taking full advantage of the interest-free period on offer.

Donated goods
During the year, the organisation received donated goods and services to the value of $997,417 (2017: $915,324). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

17 CONTINGENCIES
There are no contingent liabilities that exist at, or after, the balance date and as at the date of this financial report.

18 RELATED PARTY DISCLOSURES
(a) Key management personnel
Details relating to key management personnel, including remuneration paid, are included in Note 19.

(b) Transactions with related parties
The entity is a member or "Tent" of Variety – the Children's Charity (International). Other entities also members of this body are "Tents" from each State and Territory in Australia, considered related parties to the Company.

18 RELATED PARTY DISCLOSURES (continued)

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Related party		*Payments from related parties* *$*	*Payments to related parties* *$*	*Amounts owed by related parties* *$*	*Amounts owed to related parties* *$*
Related body:					
Variety Tasmania	***2018***	-	11,962	-	1,074
	2017	1,630	7,755	-	11,447
Variety Australia	***2018***	245,500	312,356	37,623	46,773
	2017	213,657	187,897	-	-
Variety Northern Territory	***2018***	-	4,760	-	1,076
	2017	3,355	-	-	11,447
Variety Queensland	***2018***	1,000	107,533	-	54,270
	2017	11,086	40,703	-	41,189
Variety South Australia	***2018***	-	69,783	-	20,388
	2017	18,918	28,616	-	41,189
Variety Victoria	***2018***	4,000	171,161	686	45,453
	2017	7,686	41,384	-	41,189
Variety Western Australia	***2018***	-	80,268	-	30,402
	2017	6,574	31,196	-	41,189
Variety International	***2018***	-	35,696	-	-
	2017	-	39,116	-	-

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

19 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel as at 30 September 2018

(i) Directors

John Dennis	Chairperson
John Hoffman	Deputy Chairperson
Tertius Campbell	Treasurer
Julie Babineau	Director
Jack Cannons, AM	Director
Peter Hebbes AM	Director
Mr Greg Lewis	Director
Dr Amanda Mead	Director
Mr Paul Mullaly	Director
Justine Perkins	Director *(appointed 25 September 2018)*
Caoimhe Toouli	Director *(appointed 26 June 2018)*

(ii) Staff

David Sexton	Chief Executive Officer
Bryan Mattes	Head of Finance & Corporate Services / Company Secretary
Penelope Sinton	Head of Philanthropy & Strategic Partnerships *(February 2018 onwards)*
Scott Williams	Head of Community Engagement *(March 2018 onwards)*
Marisa Turcinskis	Head of Kids Support
Jason Bourke	Head of Regional Development

(b) Compensation of Key Management Personnel

	2018 *$*	*2017* *$*
Short-term employee benefits – Salary and fees	805,200	760,511
Short-term employee benefits – Non-monetary benefits	4,656	7,440
Post-employment benefits - Superannuation	78,494	72,249
Total benefits	888,350	840,200

20 EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date which may affect the Company's operations or results of those operations or the Company's state of affairs.

Variety – the Children's Charity (NSW) and Touched by Olivia Foundation have entered into a collaborative arrangement from 1 October 2018 with a shared vision of delivering special places that change the way our society plays. Variety will continue the collaborative model established by Touched by Olivia, working with communities, councils and developers to build Variety Livvi's Place play spaces.

21 AUDITORS REMUNERATION

Audit fees of $43,000 (2017: $43,000) have been billed, with a corresponding donation of $20,000 (2017: $20,000) received or to be received.

Directors' Declaration

In accordance with a resolution of the directors of Variety - the Children's Charity (NSW), we state that in the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012,* including:

(i) giving a true and fair view of the Company's financial positions as at 30 September 2018 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the *Australian Charities and Not-for-Profits Commission Regulation 2013;* and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Declaration under the Charitable Fundraising Act 1991 (the "Act")

(i) the Statement of Comprehensive Income gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;

(ii) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;

(iii) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Company; and

(iv) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Signed in accordance with a resolution of the Board of Directors

John Dennis
Director/Chairperson

Tertius Campbell
Director/Treasurer

Sydney, 16 November 2018

Building a better
working world

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Independent Auditor's Report to the Members of Variety - the Children's Charity (NSW)

Report on the financial report

Opinion

We have audited the financial report of Variety – the Children's Charity (NSW), which comprises the statement of financial position as at 30 September 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's financial position as at 30 September 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 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 Company 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.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 the 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 this financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 the auditor's 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 management.

- Conclude on the appropriateness of management'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 the 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 the directors 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.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of Variety – the Children's Charity (NSW) has been properly drawn up and associated records have been properly kept during the financial year ended 30 September 2018, in all material respects, in accordance with:

   a. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

   b. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

b) the money received as a result of fundraising appeals conducted by entity during the financial year ended 30 September 2018 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst + Young

Ernst & Young

John Robinson
Partner
Sydney
16 November 2018