

OrangeSky

— Australia —

ANNUAL REPORT
2018/2019



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Orange Sky Australia acknowledges the Australian Aboriginal and Torres Strait Islander peoples of this nation. We acknowledge the traditional custodians of the lands on which our company is located and where we conduct our business. We pay our respects to ancestors and Elders, past, present and emerging. Orange Sky Australia is committed to honouring Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

Co-Founders' Report

It's hard to believe that it's been five years since Orange Sky did our first ever load of washing on the streets of Brisbane. Time has flown since then and we've experienced incredible growth, with the 2018/19 financial year being no different. From kicking off the financial year with a new van in Darwin (giving us a presence in all Australian states and territories), launching in Cairns, adding a fourth service in Melbourne and doing our first ever international load of washing in Auckland - this year brought so many highlights.

It wasn't all about vans though... in October, Orange Sky was announced as the People's Choice Award winner in the Google Impact Challenge, providing \$1 million of funding to develop a volunteer management software solution for the not-for-profit sector called Campfire. This is an incredibly exciting strategic initiative that long term, will inject revenue into Orange Sky and also help the entire third sector to manage, roster, onboard and support volunteers.

We also ticked off one of our biggest milestones; one million kilograms of washing! We hit the milestone in Port Macquarie with friends, Kevin and Melissa, who said, "There's a lot of us out there who need our washing done, but it's not just the washing, you get to stop for a chat. It's just awesome that these things are available."

Orange Sky also completed our first ever social impact report supported through Deloitte, which examined all of the outputs we capture out on shift - washes, showers, conversation hours, employment hours and referrals to other service providers - and helped us define the social impact our vans are delivering into each community. This tool will form a key part of our strategy moving forward to ensure we are maximising our impact in every community we operate in. The 2017/18 year saw us deliver \$7.5m in social impact and we had a 27 percent growth to \$9.5m in 2018/19.

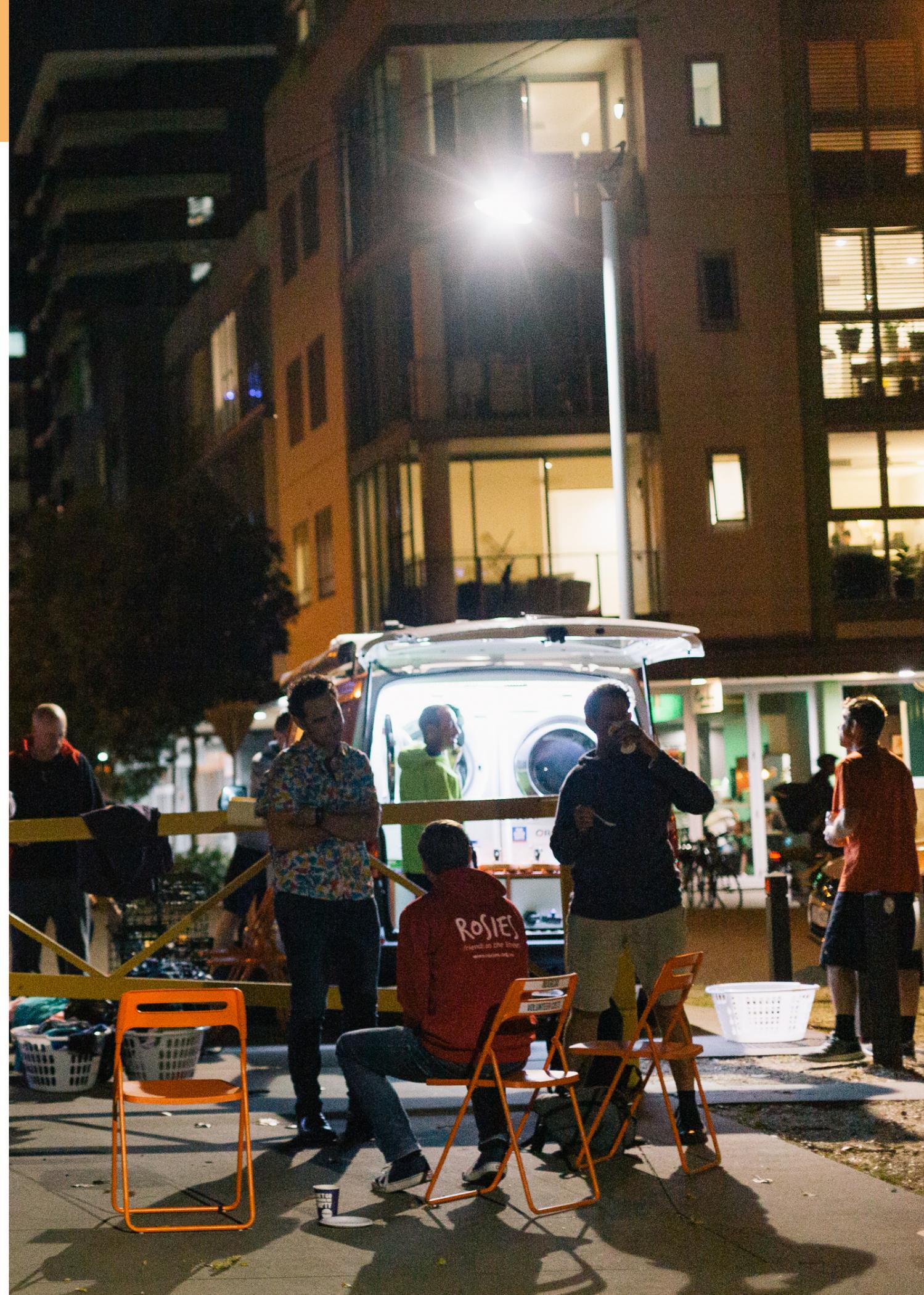
With the highs there were also some struggles, especially in our home state of Queensland. Bushfires devastated the community of Baffle Creek in November and a record-breaking flood hit Townsville in February. We were able to support people affected by these disasters and washed more than five tonnes of laundry for locals doing it tough.

April also saw us say goodbye to founding board member and inaugural CEO, Jo Westh. We are so grateful for the impact Jo had on Orange Sky and in the lives of our friends, leading and guiding us through a tremendous period of growth and leaving Orange Sky in a place for Nic and I to take over as joint Managing Directors. We are incredibly excited for this next phase.

2019/20 is shaping up to be even bigger than 2018/19! We have moderate vehicle growth planned and a strong operational focus on growing our impact in every community we operate in, with a target of increasing our social impact to \$11.5m. A massive thanks to everyone who made Orange Sky come to life this year, we're looking forward to a bigger and better year to come!



Lucas and Nic,
Orange Sky Co-Founders and Managing Directors



Our Mission is to Positively Connect Communities

Passion & Focus

We feel incredibly lucky to help improve the lives of others.

Imagination & Innovation

We take pride in our ability to solve problems through invention and creativity.

Collaborative Partnerships

We succeed through sharing ideas, challenges and resources.

Energy & Drive

We value initiative and the willingness to do whatever it takes to get stuff done.

Our Impact

Over the past year, we positively connected



14,000 people

at 9,445 shifts across 24 cities

THROUGH



41,111
washes



5,634
showers



69,495
hours of
conversation

WITH



29
vans in
operation



1,673
volunteers in
Australia

Our Reach



people experiencing homelessness in Australia...
That's 1 in every 200 people



56 % percent are male
44 % percent are female



are over the age of 55



are Aboriginal or Torres Strait Islander



are under the age of 35

8,200

are in improvised dwellings, tents or sleeping out.



people are living in severely crowded dwellings



Mick's Story

“Homelessness to me means a lot of things.

I broke my back probably 19 years ago, fractured my skull, had a bit of a head injury and ended up homeless. That was the first experience of long term homelessness. Since then it's just been trying to make every day better than the last and move forward.

The hardest part of being homeless is people's judgement of you. They might see you doing it rough and you just want a night's sleep and you get woken up, just, “oh, you're a scum,” or “beggar,” or “you're a bludger.” That's a lot of the main ones. A lot of people you see on the streets... [they] ended up homeless not by their own doing. When you get to know a lot of them too, they're not stupid people. I've met all sorts of people on the streets. It's just lack of affordable housing... it's pretty hard to come across somewhere where you can afford, especially living in the city.

After coming to Orange Sky services [for] over a year and a half, it's not a service. You actually come to see your friends. You're just stopping off to do your washing.

Every time I've come to Orange Sky, there's always people doing the same as me; doing it rough, but always have a laugh, always a handshake, a conversation about dinner or what's for breakfast. It's quite interesting because everyone's sort of different walks of life, different problems, but everyone sort of is the same. Everyone looks out for each other.”

Highlights from 18/19

July 2018



Launched our first Northern Territory service in Darwin

September 2018



Launched a remote service on Palm Island

October 2018



Launched our first international van in Auckland, New Zealand

December 2018



Deployed vans to support people impacted by the Baffle Creek bushfires

February 2019



Provided more than 4,000kgs of laundry for people affected by the Townsville floods

February 2019



Launched our fourth service in Melbourne, covering the Northern and Western suburbs

April 2019



Launched our first peer-to-peer fundraising event, The Sussy Challenge

April 2019



Launched a laundry service in Cairns, taking the number of vans currently in operation around the country to 29

May 2019



Completed our millionth kilogram of washing since Orange Sky kicked off in 2014

Our Services

Laundry, showers and laundry & showers!

What started as one laundry van in Brisbane has now expanded into a fleet of 20 laundry vans, three shower vans and six hybrid vans (a combination of washers, dryers and showers) across Australia. There are more than 1,600 volunteers who give up time every week to sit down on an orange chair and positively connect with friends doing it tough.



Social Impact Washing

At Orange Sky, we have 29 vans around Australia that operate at around 250 locations each week. But what happens when those vans aren't washing clothes for people doing it tough?

Our Social Impact Washing program is our way of making the most out of our mobile laundry vans, while also providing another way to connect friends with the community. In certain

locations, when our vans are not on shift, they are used by our friends to wash items for local businesses and organisations. We enter into commercial laundry contracts with these businesses and our friends are paid to undertake the washing.



With support from our national labour hire partner Programmed, we offer friends the opportunity to take part in a paid 13-week training and employment placement with Orange Sky. Friends are supported by volunteers to learn skills that can be used in a variety of workplaces in the future. At the end of the placement, friends leave with a recent employment history, references and ongoing support to find further opportunities.



Remote Australia

The 2018/19 financial year saw Orange Sky launch its second remote service on Palm Island, an Aboriginal community 70 kilometres off the coast of Townsville, Queensland. For this community of nearly 3,000 people, a new type of vehicle was designed to incorporate features such as three high-capacity hot water washing machines and three high-capacity dryers. The sides of the vehicle provide important shade from the summer sun. Employment and training opportunities have been provided for two local people to operate the service for their own community. Not only has this been an important contribution to our social impact, but also, it has also ensured our service is provided appropriately by trusted and reliable local staff. The service also provided important support for people in the community during heavy rain and flooding in February 2019.

The Lockhart River service experienced some successes and some challenges this year, but ended on a strong note with local employees providing consistent laundry facilities and a good yarn for the Lockhart River community.

We have received a number of requests for support from other remote communities across Australia and are excited about our ability to meet their needs. Moving forward, and in line with Orange Sky's focus on collaborative partnerships, we are working towards developing partnerships with local community organisations to provide a sustainable, appropriate and relevant service.



Campfire

Over the past four years, Orange Sky has learned a lot about using technology to deliver exceptional services.

During the 2018/19 financial year, Orange Sky commenced developing Campfire; a purpose-built software solution specifically designed to help volunteer-led organisations amplify their impact. Campfire streamlines the full volunteer lifecycle and the management of operations, providing a better experience, improved data capture and greater insight into social impact.

With Campfire, Orange Sky is taking purpose-built technology solutions and industry how-to and sharing it with the market. In doing so, Orange Sky is creating a revenue stream for ourselves, while also amplifying social impact by enabling other not-for-profit organisations to operate and measure their impact more effectively.

Orange Sky has signed on our first partners and we are excited about establishing many more partnerships in the future.

Disaster Relief

Over the past few years, Orange Sky has been able to respond to a number of major weather events and help people temporarily experiencing homelessness. In the last 12 months, we were able to support people affected by the Baffle Creek bushfires (November 2018) and the Townsville floods (February 2019), washing more than five tonnes of laundry for locals doing it tough. It's been amazing how something as simple as laundry - during such a crazy time - can bring a sense of normality back to people's lives.



Tash's Story

"It's been pretty tough. I've been looking for work for quite a few years now. I didn't do very well at school so I didn't think about the consequences when I got older - about the job opportunities and that kind of stuff.

I've got qualifications but you've got to have the right ones for certain jobs these days. I've tried to start a dog walking business, but there's lots of kids charging like five dollars so I couldn't compete with that an hour.

My washing machine's broken down and I'm trying to save up for a new one. I've been coming here to get my clothes washed and I help with the bread run at the church when it's finished. I love talking to the volunteers. I've made a few friends, you get to know each other quite personally and it's very nice, I like the atmosphere.

It can be very tough, but do the best you can and something might happen. I wasn't expecting anything and all of a sudden, I was nominated for a job and things are looking around. If I can do it, you can too.

In this world, it can be tough but if we can all help each other, then it would make it a better place."

Meet The Board



Nicholas Miller

Non-Executive Director and Acting Chair

Nick has been an Orange Sky Board member since January 2018, and has been involved with Orange Sky since first volunteering in 2015. He is also currently a Non-Executive Director for Origo Education, AQUILA, Digital Lifecycle Group, Shopper Media Group and Active Adventures New Zealand. Nick has a Bachelor of Engineering (1st Class Honors) and a Bachelor of Commerce from the University of Queensland, and an MBA from the London Business School.



Lucas Patchett

Executive Director

Lucas has been foundational to the development of Orange Sky's strategic goals and the organisation's objectives. He has driven research and development across the organisation. Lucas has been a Board Member since the organisation was founded, Chairperson since the second year of operation, and has played a critical role in the strategic direction and culture of Orange Sky. Nic & Lucas were awarded the 2016 Young Australians of the Year and the 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region) for their work at Orange Sky.



Nic Marchesi

Executive Director

Nic previously worked as a camera operator and editor for the Australian Broadcasting Corporation and for the Seven Network. In these roles, he developed a passion for sharing people's stories as a way of getting people to better relate to and connect with one another. Nic has been a Board Member since the organisation was founded and has played a critical role in the strategic direction of Orange Sky. Nic & Lucas were awarded the 2016 Young Australians of the Year and the 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region) for their work at Orange Sky.



Catherine O'Sullivan

Non-Executive Director

Catherine is an experienced senior executive who has made significant contributions to organisations and communities with a strong focus in the education sector. As a recognised leader and innovator, she has been at the forefront of many collaborations and negotiations at all levels of government, business, industry and the broader community, instituting systemic change and a transformational program of business improvement and policy innovation in Indigenous affairs. Catherine's professional recognition in the wider community includes many awards, along with a significant record of success on various boards and a wide range of contacts in all sectors, making her an obvious choice as a Board Member for Orange Sky.



Lachlan Mitchell

Company Secretary (from January 2019)

Lachlan is a principal at Talbot Sayer and practices in corporate law, with a particular focus on mergers and acquisitions, joint ventures and corporate advisory matters. In his role at Talbot Sayer, Lachlan acts for private equity funds, founders, SMEs, large corporations and institutional investors across a broad range of sectors. Lachlan has been company secretary for Orange Sky since February 2019 and has previously provided strategic pro-bono legal advice to Youngcare and acted as the co-ordinator of the Roma House Homeless Persons' Legal Clinic. Lachlan holds a Bachelor of Arts and Bachelors of Laws (Honours) from the University of Queensland.

We would like to thank Jo Westh, Rob Tully and Claire Marchesi, who stepped down from the Board throughout the course of the financial year, for their service to Orange Sky.

Senior Leadership Team



Lucas Patchett

Co-Founder & Managing Director

How long have you worked at Orange Sky?
Officially since July 2017, but was around for the first wash!

Roles and responsibilities?
I support the Brand and Communications, Fundraising, Finance, Admin and HR teams, with a focus on supporting the viability and sustainability of our organisation through our strategy, building great relationships with supporters and growing our brand.

Why Orange Sky?
I have always loved learning new things and helping people. Orange Sky lets me bring those two passions together every day.



Nic Marchesi

Co-Founder & Managing Director

How long have you worked at Orange Sky?
Since our first ever wash in October 2014.

Roles and responsibilities?
My focus is on supporting the operations, projects and technology streams at Orange Sky - working directly with our Chief Operating Officer and Chief Innovation Officer. I also help to share the Orange Sky story through speaking engagements and meetings with our supporters to keep stabilising and sustaining Orange Sky.

Why Orange Sky?
Growing up, I learned that there were 1 in 200 people disconnected from the community and I wanted to find a small way to help. I love Orange Sky for its mission of positive connection.



Emma Young

Chief Financial Officer

How long have you worked at Orange Sky?
I've been employed for almost as long as we've had staff, but was volunteering for a year before that. All up it's been about four years!

Roles and responsibilities?
I am lucky enough to lead the Finance, Admin and HR teams. My focus is on maximising our social return through effective use of funding. I care about creating an environment where people come to work feeling connected, motivated and supported.

Why Orange Sky?
Orange Sky gives me the opportunity to combine my passion for social inclusion with my skills and education in business.



Mike Duggan

Chief Operating Officer

How long have you worked at Orange Sky?
Since the 1st of April 2019.

Roles and responsibilities?
Ensuring our operations team and volunteers have the direction, resources and capacity to deliver social impact across Australia and New Zealand.

Why Orange Sky?
After years working in and managing for-profit enterprises, I wanted to transition into a purpose-driven organisation. I spend time outside of work volunteering for other organisations and wanted to connect my commercial experience with my passion for volunteering in non-profits.



David Tubb

Chief Innovation Officer

How long have you worked at Orange Sky?
Full-time from December 2016, but a volunteer since October 2014

Roles and responsibilities?
Leading the Technology and Innovation team to support Orange Sky's tech needs and launch Campfire.

Why Orange Sky?
It's a privilege to solve problems every day that are meaningfully contributing to the community. To do this surrounded by a group of talented and energetic colleagues is an absolute pleasure.



Jo Westh

Chief Executive Officer (Finished April 2019)

How long have you worked at Orange Sky?
I was one of Orange Sky's founding Board members and officially started full-time in June 2016.

Roles and responsibilities?
Leading and supporting the growth of Orange Sky across all departments and people.

Why Orange Sky?
Orange Sky allowed me to bring my years of business experience and my passion for helping people together at the perfect time in my career.

Our Story So Far

OCTOBER 2014



First ever load of washing

JULY 2015



First interstate van launched in Melbourne CBD

MARCH 2016



First staff member

JULY 2016



10 vans in operation across Australia

AUGUST 2016



First shower

FEBRUARY 2017



250,000 kg of laundry

FEBRUARY 2017



1000 Orange Sky volunteers

MAY 2017



50,000 hours of conversation

OCTOBER 2017



Hybrid laundry and shower van launch

NOVEMBER 2017



Launch of Orange Sky Remote Services

JANUARY 2018



500,000 kg of laundry

MARCH 2018



20 vans in operation across Australia

MAY 2018



100,000 hours of conversation

JULY 2018



Darwin Launch; we're now operating in every Australian state and territory

OCTOBER 2018



First international van in Auckland, New Zealand

MARCH 2019



1,500 Orange Sky volunteers

MAY 2019



1 million kg of laundry

The Year Ahead

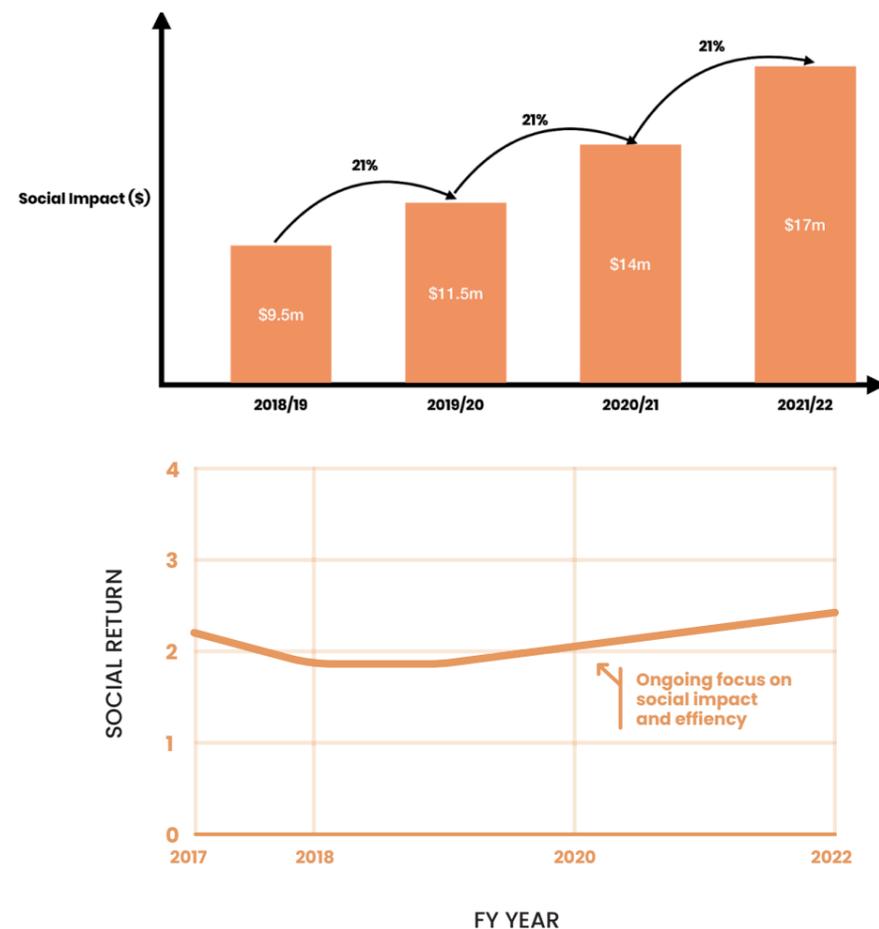
After five years of tremendous growth, we now have a solid understanding of what success looks like at Orange Sky and how we can measure that success in years to come. As growth in new vans slows down, we will continue to look at our impact, efficiency and sustainability. Our future key organisational objectives will be to grow social impact, improve our financial sustainability and deliver greater social return.

Growing social impact quantifies the impact of Orange Sky's service on the well-being of the wider community. We measure all of our outputs, namely; washes (metro, regional and remote), showers, conversation hours, employment hours (metro and remote) and friends referred externally; and economic and social value is then assigned to each of these outputs to calculate our social impact.

Improving our financial sustainability is about ensuring that we have the adequate financial resources required to generate this social impact.

Delivering greater social return is a ratio of our social impact compared to our relevant expenses (excluding New Zealand and Campfire as these programs are measured separately). The social return ratio is an indicator of how effectively we are generating our impact and allows us to compare year on year how we are tracking.

For the year ahead, we are looking to deliver \$11.5m in social impact, generate \$7m in revenue and deliver a social return of 2.06. The graph below depicts the projected growth in the coming years.



Here are some of our key objectives in the 2019/20 FY:

- The introduction of two new service locations in Australia;
- Expansion of two new New Zealand services;
- First release of Campfire, our volunteer management software, to market; and
- Implementing our Social Impact Washing program into one new location

Additionally, we are currently recruiting a number of key directors for our Board, including a new Chairperson. As Orange Sky continues to grow, we've recognised our need for strong mentors and business leaders to support and help us achieve our mission.

Sustainability has become a key focus from both an operational and fundraising perspective. This year, we will secure a number of partners and sponsors for each of the 29 vans around Australia. In the future, we are working towards being partially self-revenue generating. We see tremendous strategic value in Campfire helping us to achieve at least some of this goal, and this year we will be exploring other alternate revenue streams (outside of traditional fundraising methods).

Orange Sky New Zealand launched in Auckland on World Homeless Day, 10 October 2018, and has been a key focus over the last financial year.

Orange Sky New Zealand is a wholly-owned subsidiary of Orange Sky Australia with its own Board of Directors. All funds raised in New Zealand go towards furthering New Zealand's purpose, and likewise here in Australia, however financials are consolidated for financial reporting purposes. A management support fee is paid by Orange Sky New Zealand to Orange Sky Australia to manage its shared services, which include operations management, health & safety, marketing, fundraising, finance, human resources and administration.

We were lucky enough to find the amazing Eddie, who joined the team on a full time basis supporting Orange Sky to deliver positive social impact in New Zealand.



Financials

Overview

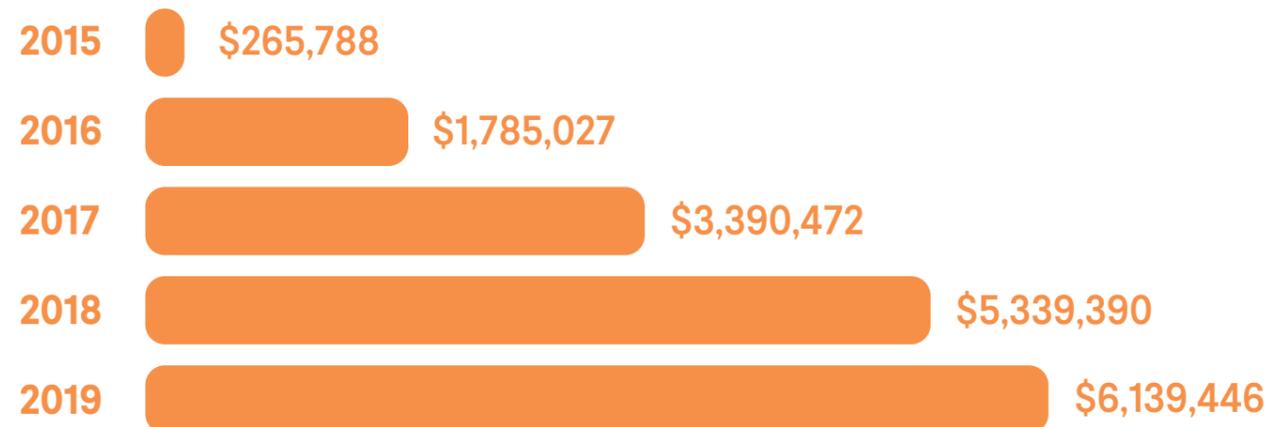
The 2018/19 financial year saw Orange Sky exceed \$6 million in revenue, with a surplus of \$597,701.

This surplus allows us to not only expand our operations, but grow our impact within our current services. It also puts us in a strong position to undertake research and development for new projects and capitalise on our potential to use innovation to help more people in unique and imaginative ways.

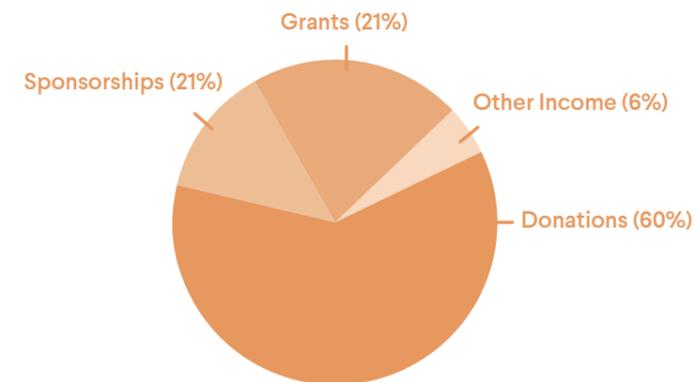
We are proud to be a profit-for-purpose organisation and our surplus targets help us build a sustainable organisation to ensure we can continue providing a consistent and reliable service for our friends.

Orange Sky's Revenue

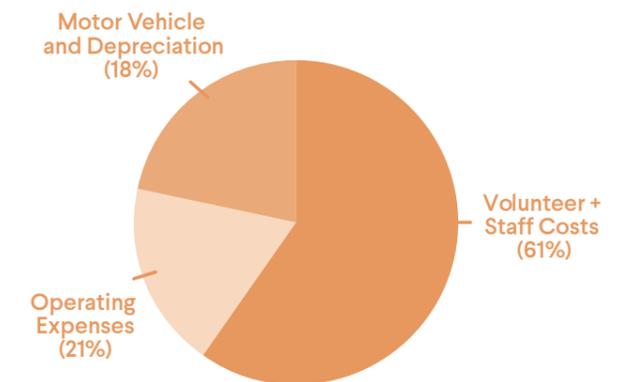
2015 - 2019 Financial Years



Income



Expenses



Our Impact



Orange Sky's social impact



Value of quality of life gained by friends



Value of quality of life gained by volunteers in services provided



Value of quality of life gained by volunteers

Our Supporters

National Partners



Van Partners

| | |
|--|------------------------------|
| Judith Neilson | Jenour Foundation |
| Portland House Foundation | Lyone Foundation |
| Thyne Reid Foundation | Canberra Southern Cross Club |
| Sydney Water | Roche Australia |
| Sportsbet | Icon Water |
| Graf Family Foundation | SA Water |
| Jelley Family Foundation | Queensland Urban Utilities |
| Water Corporation | CMV Group |
| Queensland Government - Department of Housing and Public Works | Calvert Jones Foundation |
| | Dyson Bequest |
| JMQ Foundation | |

Supporting Partners

Ashurst | Programmed | Symbio | Deloitte | Ernst & Young | QIC | Harcourts Foundation
Australian Institute of Company Directors

Orange Sky Australia Limited
ABN 85 890 622 990
Financial Report
Year Ended 30 June 2019

Orange Sky Australia Ltd

ABN 85 890 622 990

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Orange Sky Australia Ltd

ABN 85 890 622 990

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2019.

Directors

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

| | |
|----------------------|---|
| Lucas Patchett | Executive Director |
| Nicholas Marchesi | Executive Director |
| Joanne Westh | Chief Executive, Executive Director, ceased 18 April 2019 |
| Robert Tully | Non-Executive Director, ceased 15 December 2018 |
| Nicholas Miller | Non-Executive Director |
| Catherine O'Sullivan | Non-Executive Director |
| Lachlan Mitchell | Company Secretary, appointed 8 February 2019 |
| Claire Marchesi | Company Secretary, ceased 15 December 2018 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

Orange Sky Australia's mission is to positively connect communities. We believe that all people should have access to basic human rights such as clean clothes, showers and conversation.

Orange Sky Australia Limited (Orange Sky) supports people experiencing homelessness, defined as the absence of safe, healthy and permanent accommodation. We aim to connect with people living in poverty, people adversely impacted by natural disaster and those fleeing unsafe environments through positive, genuine and non-judgmental conversations.

In 2014, Orange Sky introduced the world's first free mobile laundry service for people experiencing homelessness. In 2017, we began providing free warm showers via dedicated shower vans, or via hybrid vehicles containing a shower, washers and dryers.

In less than five years, Orange Sky has developed a network of over 1,700 volunteers across Australia who represent a range of nationalities, backgrounds and other demographics that characterise Australia's multicultural heritage. The single common denominator is their strong desire to help people in need.

Orange Sky's vans are based in metropolitan, regional and remote locations throughout Australia, where anyone who wants to use our service can do so freely, without assessment or judgment.

We also assist people who are affected by temporary homelessness through natural disasters, such as cyclones, floods, bushfires and earthquakes. Our service can provide a sense of normality to those affected by such catastrophes.

Further, in certain locations where our vans are not being used to provide outreach services, they provide employment placements for our friends on the street who undertake commercial washing contracts for local businesses or sporting clubs.

Operations and results

The 2018/19 financial year saw Orange Sky Australia continue to expand our laundry and hybrid van fleet across the country and support people experiencing temporary homelessness through natural disaster.

Orange Sky Australia Ltd

ABN 85 890 622 990

DIRECTORS' REPORT

Some key highlights for the year include:

- Introducing our first Northern Territory service in Darwin; Orange Sky is now operational in every Australian state and territory
- Launching our second remote service, located on Palm Island off the coast of Queensland
- Deploying new services in Cairns and Melbourne, taking the number of vans currently in operation around Australia to 29
- Deploying vans to support people impacted by the Baffle Creek bushfires and Townsville floods
- Winning the Google Impact Challenge People's Choice Award to help develop a volunteer management software solution, Campfire, for the not-for-profit sector
- Undertaking our millionth kilogram of washing since we started operating in 2014.

We grew our team of high performing staff to 41, including the addition of a Chief Operating Officer. We also completed the Social Impact Washing program pilot. Providing training and employment opportunities is the next step towards breaking the cycle of homelessness and this program provides our friends with skills and experience that will assist them in permanently improving their current life situation. We now employ homeless friends in Brisbane, Perth, the Central Coast and Newcastle to execute commercial laundry contracts with local businesses.

In October 2018, Orange Sky New Zealand Ltd (Orange Sky Australia's wholly-owned subsidiary) launched its first van in Auckland. All funds raised in New Zealand go towards furthering New Zealand's purpose, and likewise for the Australian entity, however financials are consolidated for financial reporting purposes. A management support fee is paid by Orange Sky New Zealand to Orange Sky Australia to manage its shared services. These shared services include operations management, health & safety, marketing, fundraising, finance, human resources and administration. This model ensures an efficient use of resources across both entities, as well as consistency in service delivery internationally.

Orange Sky exceeded six million dollars' in revenue with a net surplus for the financial year of \$597,701 (2018: surplus \$1,302,335). We believe that achieving a reasonable surplus helps us build a sustainable organisation for the future.

Information on Directors

Lucas Patchett GAICD – Executive Director

Lucas has been foundational to the development of Orange Sky's strategic goals and the associated individualised and organisational objectives. He has driven research and development across the organisation. Lucas has been a Board Member since the organisation was founded, Chairperson since the second year of operation, and has played a critical role in the strategic direction and culture of Orange Sky. Nic & Lucas were awarded the 2016 Young Australians of the Year and the 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region) for their work at Orange Sky.

Nicholas Marchesi GAICD – Executive Director

Nic previously worked as a camera operator and editor for the Australian Broadcasting Corporation and for the Seven Network. In these roles, he developed a passion for sharing people's stories as a way of getting people to better relate to and connect with one another. Nic has been a Board Member since the organisation was founded and has played a critical role in the strategic direction of Orange Sky. Nic & Lucas were awarded the 2016 Young Australians of the Year and the 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region) for their work at Orange Sky.

Joanne Westh – Chief Executive, Executive Director (ceased 18 April 2019)

Jo has 30 years experience as a Senior Partner and subsequently as a Director and General manager in two management consulting firms. Her specialisation is in organisational strategy and growth, and her experience spans in both the for profit and non-profit sectors. She is also currently a Director of a NFP interested in the education of children in Cambodia. Jo took the reins of Acting CEO for Orange Sky in June 2016 and was voted in as full time CEO in September. Jo stepped down as CEO in April this year, and was an instrumental part of Orange Sky's success since its inception.

DIRECTORS' REPORT

Robert Tully – Non-Executive Director (ceased 15 December 2018)

Rob is a result-oriented and self-motivated business professional with more than 20 years experience in fast-paced, highly demanding manufacturing, health care, hospitality and cleaning industries. With a proven record in sales and operations management as well as product development, Rob was a key part of the Orange Sky team's success and made the decision to retire from the board at the AGM.

Nicholas Miller – Non-Executive Director / Acting Chair

Nick has been an Orange Sky Board member since January 2018, and has been involved with Orange Sky since first volunteering in 2015. He is also currently a Non-Executive Director for Origo Education, AQUILA, Digital Lifecycle Group, Shopper Media Group and Active Adventures New Zealand. Nick has a Bachelor of Engineering (1st Class Honors) and a Bachelor of Commerce from the University of Queensland, and an MBA from the London Business School.

Catherine O'Sullivan – Non-Executive Director

Catherine is an experienced senior executive who has made significant contributions to organisations and communities with a strong focus in the education sector. As a recognised leader and innovator, she has been at the forefront of many collaborations and negotiations at all levels of government, business, industry and the broader community, instituting systemic change and a transformational program of business improvement and policy innovation in Indigenous affairs. Catherine's professional recognition in the wider community including many awards, along with a significant record of success on various boards and a wide range of contacts in all sectors, made her an obvious choice as a Board Member for Orange Sky.

Lachlan Mitchell - Company Secretary (appointed 8 February 2019)

Lachlan is a principal at Talbot Sayer and practices in corporate law, with a particular focus on mergers and acquisitions, joint ventures and corporate advisory matters. In his role at Talbot Sayer, Lachlan acts for private equity funds, founders, SMEs, large corporations and institutional investors across a broad range of sectors. Lachlan has been company secretary for Orange Sky since February 2019 and has previously provided strategic pro-bono legal advice to Youngcare and acted as the co-ordinator of the Roma House Homeless Persons' Legal Clinic. Lachlan holds a Bachelor of Arts and Bachelors of Laws (Honours) from the University of Queensland.

Claire Marchesi – Company Secretary (ceased 15 December 2018)

An experienced social policy and program manager, Claire brings a wealth of knowledge to the Orange Sky team including 30 years experience in the housing and homelessness sector. She has a deep understanding of the funding application processes and government requirements around funded services. Claire made the decision to retire as Orange Sky's Company Secretary at the AGM.

Orange Sky Australia Ltd

ABN 85 890 622 990

Meetings of Directors

During the financial year, 9 (nine) meetings of directors were held. Attendances by each director were as follows:

| | Directors' Meetings | |
|----------------------|----------------------------------|------------------------|
| | Number eligible to attend | Number attended |
| Lucas Patchett | 9 | 9 |
| Nicholas Marchesi | 9 | 9 |
| Joanne Westh | 7 | 7 |
| Robert Tully | 3 | 2 |
| Nicholas Miller | 9 | 9 |
| Catherine O'Sullivan | 9 | 3 |

Contributions on winding up

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$100.

Indemnification and Insurance of Directors and Officers

The Company has insured the Directors of the Company for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company. The total amount of insurance premiums paid was \$2,412 (2018: \$2,180).

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of, and subject to, 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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 6 of the financial report.

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

Director  Nicholas Miller

Dated this 1st day of November 2019



**Building a better
working world**

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Orange Sky Australia

In relation to our audit of the financial report of Orange Sky Australia Limited for the financial year ended 30 June 2019, 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.

A handwritten signature in black ink that reads "Ernst & Young". The signature is written in a cursive style and is positioned above a horizontal line.

Ernst & Young

A handwritten signature in black ink that reads "Madhu Nair". The signature is written in a cursive style and is positioned above a horizontal line.

Madhu Nair
Partner
5 November 2019

Orange Sky Australia Ltd

ABN 85 890 622 990

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE
2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|-------------|-------------|
| Revenue from continuing operations | 4(a) | 6,077,462 | 5,317,461 |
| Dividend income | | 38,150 | - |
| Interest income | | 23,834 | 21,929 |
| Operating expenses | 4(b) | (5,546,009) | (4,029,537) |
| Gain/(Loss) on investments | | 4,264 | (7,518) |
| Current year surplus / (deficit) before income tax | | 597,701 | 1,302,335 |
| Income tax expense | 5 | - | - |
| Net current year surplus / (deficit) | | 597,701 | 1,302,335 |
| Other comprehensive income for the year | | (5,873) | - |
| Total comprehensive income for the year | | 591,828 | 1,302,335 |

The accompanying notes form part of these financial statements.

Orange Sky Australia Ltd

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | Note | 2019 | 2018 |
|---------------------------------------|------|------------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 2,344,288 | 1,302,773 |
| Accounts receivable and other debtors | 7 | 56,081 | 302,238 |
| Prepayments and other assets | 8 | 41,979 | 30,400 |
| TOTAL CURRENT ASSETS | | <u>2,442,348</u> | <u>1,635,411</u> |
| NON-CURRENT ASSETS | | | |
| Investments | 9 | 945,455 | 992,483 |
| Fixed assets | 10 | 2,064,174 | 2,204,427 |
| TOTAL NON-CURRENT ASSETS | | <u>3,009,629</u> | <u>3,196,910</u> |
| TOTAL ASSETS | | <u>5,451,977</u> | <u>4,832,321</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and other payables | 11 | 509,128 | 541,075 |
| Provision for employee entitlements | 12 | 164,121 | 104,346 |
| TOTAL CURRENT LIABILITIES | | <u>673,249</u> | <u>645,421</u> |
| TOTAL LIABILITIES | | <u>673,249</u> | <u>645,421</u> |
| NET ASSETS | | <u>4,778,728</u> | <u>4,186,900</u> |
| EQUITY | | | |
| Reserves | 13 | (5,873) | - |
| Retained surplus / (deficit) | 14 | 4,784,601 | 4,186,900 |
| TOTAL EQUITY | | <u>4,778,728</u> | <u>4,186,900</u> |

The accompanying notes form part of these financial statements.

Orange Sky Australia Ltd

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

| | Share Capital | Foreign Currency Translation Reserve | Retained Earnings | Total Equity |
|---|---------------|---|----------------------|--------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | - | - | 2,884,565 | 2,884,565 |
| Comprehensive income | | | | |
| Surplus / (deficit) for the period | - | - | 1,302,335 | 1,302,335 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive surplus/(deficit) for the year | - | - | 1,302,335 | 1,302,335 |
| Balance at 30 June 2018 | - | - | 4,186,900 | 4,186,900 |
| Comprehensive income | | | | |
| Surplus / (deficit) for the period | - | - | 597,701 | 597,701 |
| Other comprehensive income for the year | - | (5,873) | - | (5,873) |
| Total comprehensive surplus / (deficit) for the year | - | (5,873) | 597,701 | 591,828 |
| Balance at 30 June 2019 | - | (5,873) | 4,784,601 | 4,778,728 |

The accompanying notes form part of these financial statements.

Orange Sky Australia Ltd

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from donations, sponsorships, grants and customers | | 6,320,731 | 5,285,816 |
| Payments to suppliers and employees | | (4,906,254) | (3,297,313) |
| Interest other costs of finance | | (26) | (199) |
| Net cash flows from operating activities | 6 | <u>1,414,451</u> | <u>1,988,304</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant & equipment | | (470,866) | (1,240,891) |
| Purchase of investments | | (330,036) | (992,483) |
| Sale of investments | | 371,800 | - |
| Interest income | | 23,834 | 21,929 |
| Dividend income | | 38,150 | - |
| Net cash flows used in investing activities | | <u>(367,118)</u> | <u>(2,211,445)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds of borrowings | | (2,092) | 11,767 |
| Net cash flows used in financing activities | | <u>(2,092)</u> | <u>11,767</u> |
| Net increase / (decrease) in cash held | | 1,045,241 | (211,374) |
| Effect of exchange rate changes on cash | | (3,726) | - |
| Cash at the beginning of the financial year | | <u>1,302,773</u> | <u>1,514,147</u> |
| Cash at the end of the financial year | 6 | <u><u>2,344,288</u></u> | <u><u>1,302,773</u></u> |

The accompanying notes form part of these financial statements.

Orange Sky Australia Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

The financial statements of Orange Sky Australia Limited (Orange Sky) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 1 November 2019.

Orange Sky is a not-for-profit Company limited by guarantee incorporated and domiciled in Australia since 14 June 2017. The nature of the operations and principle activities of the Company are described in the Directors' Report. The financial statements are for the consolidated entity consisting of Orange Sky and its subsidiary, Orange Sky New Zealand Ltd.

Prior to being a Company limited by guarantee, Orange Sky was an incorporated association (Orange Sky Laundry Inc).

Registered Address:
17-31 Dover Street
Albion, Queensland, 4010

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*, *Australian Charities and Not-For-Profits Commission Act 2012* and Australian Accounting Standards. Such accounting policies are consistent with those of previous periods unless stated otherwise.

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

b. Statement of Compliance

The financial statements comply with Australian Accounting Standards.

(i) New Accounting Standards Issued But Not Yet Effective

The Australian Accounting Standards Board has issued a number of standards and interpretations that are applicable for future financial reporting periods.

| Reference | Name | Date of Application by Orange Sky Australia Limited |
|-----------|---------------------------------------|---|
| AASB 15 | Revenue from Contracts with Customers | 1 July 2019 |
| AASB 16 | Leases | 1 July 2019 |
| AASB 1058 | Income for Not-for-Profit Entities | 1 July 2019 |
| AASB 17 | Insurance Contracts | 1 July 2021 |

Management has not yet conducted a detailed analysis of the impact of these standards, however as the Company has no contracts with customers or leases, the new standards are not expected to have a major impact.

Orange Sky Australia Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

c. **Basis of Consolidation**

The consolidated financial statements consist of the financial statements of the Company and all of its wholly-owned subsidiaries (the "Group"). All significant inter-company balances and transactions within the Group have been eliminated.

d. **Revenue**

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

(i) Fundraising income and cash donations

Revenue is recognised at fair value of the consideration received net of any charge for goods and services tax (GST). Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the amount of the revenue can be reliably measured.

(ii) Donated goods

Donated goods are an important and valued supply. Only those goods that are utilised in the business are recognised as income and expense.

(iii) Interest and dividends

Interest and dividends are recognised upon control of the right to receive the interest or dividend payment.

(iv) Sponsorships

Sponsorship agreements entitle the sponsor to something of value in return for their support. Revenue is recognised when the Company has an unconditional right to receive the sponsorship under the terms of the sponsorship agreement.

(v) Grants

Grants are recognised in the balance sheet as a liability when the grant is received. When the grant relates to an expense, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to the purchase of an asset, the fair value is released to the statement of comprehensive income as and when the grant funding is utilised.

e. **Expenses**

All expenses are recognised on an accruals basis and have been classified under headings that reflect the nature of the activity.

f. **Cash and Cash Equivalents**

Cash includes cash on hand and in banks and term deposits at call, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above.

Orange Sky Australia Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

g. **Trade and Other Receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that Orange Sky will not be able to collect all amounts due according to the original terms of receivables.

h. **Investments**

Investments are considered held for trading financial assets and are shown at their fair value. Orange Sky classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short-term.

Financial assets at fair value through profit or loss are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with gains or losses recognised in the profit or loss in the period in which they arise.

Financial assets at fair value through profit or loss are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

i. **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payment terms vary from cash on delivery, to 30 days or end of month.

j. **Property, Plant and Equipment**

Acquisition

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Donated goods are recorded at market value when Orange Sky plans to retain the asset for its own use.

Depreciation

Depreciation is calculated on a straight-line basis or reducing balance over the estimated useful life of the assets. Depreciation rates for each class of asset are as follows:

| | |
|------------------------------|-----------------|
| Plant & Equipment | - 13.33 to 100% |
| Motor Vehicles | - 25% |
| Office Equipment & Computers | - 20 to 100% |

Depreciation expense is recognised in the income and expenditure statement in the expense category consistent with the function of the asset.

Orange Sky Australia Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

De-recognition and Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from de-recognition of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the Statement of Comprehensive Income in the year the asset is de-recognised.

k. **Employee Benefits**

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits if appropriate, and annual leave are recognised in the provision for employee benefits 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 leave are recognised when the leave is taken and are measured at the amount paid or payable.

l. **Taxes**

Income Tax

Orange Sky is a registered charity and is exempt from income tax in accordance with Division 50 section 50-5 of the *Income Tax Assessment Act 1997*. It is also exempt from State payroll taxes. Orange Sky migrated from an incorporated associated to a company limited by guarantee during the 2017 financial year. The process of migration does not create a new legal entity, and as such, Orange Sky has avoided any adverse impact to its income tax exempt status.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense. 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 taxation authority 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.

m. **Parent Entity Financial Information**

The financial information for the Parent entity, Orange Sky, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements.

n. **Foreign Currency Translation**

The consolidated financial statements are presented in Australian dollars, which is also the function currency of the Parent Company.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Australian dollar are translated into Australian dollars upon consolidation.

On consolidation, the assets and liabilities have been translated into Australian dollars at the closing rate at the reporting date. Income and expenses have been translated at the weighted average exchange rates for the year.

Orange Sky Australia Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. When the foreign operation is disposed of the cumulative translation differences recognised in equity are reclassified to profit and loss and recognised as part of the gain or loss on disposal.

o. Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

p. Going Concern Basis of Preparation

The financial statements have been prepared on a going concern basis. At 30 June 2019 the entity holds cash or cash equivalents of \$2,344,288 (2018: \$1,302,773). It is the plan of the Directors and management to continually raise funds through donations and fundraising in order to fund the activities of the Company. Management have the ability to manage the expenditure incurred in the conduct of the business and when necessary undertake measures to curtail costs to align with funds available. Management perform a monthly review of financial performance, financial position and cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

The preparation of the financial report requires the making of judgements, estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The judgements, estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the judgements, estimates and assumptions.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or the period of revision and future periods if the revision effects both current and future periods.

Property, Plant and Equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives could have a significant impact on the reported amounts.

Orange Sky Australia Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

4. REVENUE AND EXPENSES

| | 2019 | 2018 |
|---|------------------|------------------|
| (a) Revenue | \$ | \$ |
| Gross donations received | 3,697,689 | 3,198,022 |
| Sponsorships received | 762,273 | 1,273,455 |
| Grants received | 1,291,350 | 532,100 |
| Other income | 326,150 | 313,884 |
| Revenue from continuing operations | 6,077,462 | 5,317,461 |
| (b) Expenses | | |
| Advertising & promotion expenses | 111,778 | 113,483 |
| Depreciation expenses | 611,148 | 479,275 |
| Rent & utilities expenses | 160,165 | 172,535 |
| Operating expenses | 730,987 | 361,451 |
| Volunteer expenses | 61,777 | 71,761 |
| Motor vehicle expenses | 388,072 | 346,930 |
| Employment expenses | 3,169,570 | 2,220,068 |
| Travel & accommodation expenses | 312,512 | 264,034 |
| Operating expenses | 5,546,009 | 4,029,537 |

5. INCOME TAX

Orange Sky Australia Limited has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to Section 50-B of the *Income Tax Assessment Act (1997)*. Accordingly, no income tax has been provided for in these financial statements.

Orange Sky Australia Ltd

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6. CASH AND CASH EQUIVALENTS

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash accounts | 2,109,913 | 1,068,398 |
| Term deposits | 234,375 | 234,375 |
| Cash and cash equivalents | <u>2,344,288</u> | <u>1,302,773</u> |

Reconciliation of the operating surplus / (loss) after tax to the net cash flows from operations

| | | |
|-----------------------------|---------|-----------|
| Net surplus / (loss) | 597,701 | 1,302,335 |
|-----------------------------|---------|-----------|

Adjust for investing income

| | | |
|---------------------|-----------------|-----------------|
| Interest income | (23,834) | (21,929) |
| Dividend income | (38,150) | - |
| Gain on investments | (4,264) | - |
| | <u>(66,248)</u> | <u>(21,929)</u> |

Adjust for non-cash items

| | | |
|-------------------------------|----------------|----------------|
| Depreciation and amortisation | 611,148 | 479,275 |
| Other non-cash items | 542 | - |
| | <u>611,690</u> | <u>479,275</u> |

Changes in operating assets and liabilities

| | | |
|--|----------------|----------------|
| (Increase)/decrease in trade and other receivables | 260,083 | (280,555) |
| (Increase)/decrease in prepayments | (11,559) | 33,179 |
| (Increase)/decrease in revenue received in advance | (5,255) | 223,249 |
| (Decrease)/increase in trade and other creditors | (36,306) | 194,517 |
| (Decrease)/increase in accrued expenses | 4,569 | (8,797) |
| (Decrease)/increase in employee provisions | 59,776 | 67,030 |
| | <u>271,308</u> | <u>228,623</u> |

Net cash flow from / (used in) operating activities

| | | |
|--|------------------|------------------|
| | <u>1,414,451</u> | <u>1,988,304</u> |
|--|------------------|------------------|

Orange Sky Australia Ltd

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7. RECEIVABLES

| | 2019 | 2018 |
|--|---------------|----------------|
| | \$ | \$ |
| Trade receivables | 42,155 | 302,238 |
| Goods and services tax receivable | 4,402 | - |
| Orange Sky United States | 1,689 | - |
| Refundable franking credits | 7,835 | - |
| Accounts receivable and other debtors | <u>56,081</u> | <u>302,238</u> |

Trade Receivables

Days

| | | |
|--------------------------------------|---------------|----------------|
| 0-30 Current Terms | 25,031 | 80,196 |
| 31-60 (Past due not impaired) | 14,730 | 174,582 |
| 61-90 (Past due not impaired) | 1,146 | - |
| +91 (Past due not impaired) | 1,248 | 47,460 |
| | <u>42,155</u> | <u>302,238</u> |

FAIR VALUE AND CREDIT RISK

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Company's policy to transfer (on-sell) receivables to special purpose entities.

8. PREPAYMENTS AND OTHER ASSETS

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$ | \$ |
| Prepayments | 41,979 | 30,400 |
| Total Prepayments & other assets | <u>41,979</u> | <u>30,400</u> |

9. INVESTMENTS

| | 2019 | 2018 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Equity instruments at fair value | 945,455 | 992,483 |
| Total investments | <u>945,455</u> | <u>992,483</u> |

For the various listed entities investments, the fair values were determined through reference to Level 1 inputs.

Orange Sky Australia Ltd

ABN 85 890 622 990

10. FIXED ASSETS

| | 2019 | 2018 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Plant & equipment | 60,925 | 56,774 |
| Less accumulated depreciation | (30,589) | (19,808) |
| | 30,336 | 36,966 |
| Motor vehicles | 3,302,389 | 2,874,394 |
| Less accumulated depreciation | (1,311,428) | (748,737) |
| | 1,990,961 | 2,125,657 |
| Office equipment & computers | 121,939 | 83,170 |
| Less accumulated depreciation | (85,364) | (47,668) |
| | 36,575 | 35,502 |
| Artwork | 6,302 | 6,302 |
| | 2,064,174 | 2,204,427 |

Reconciliations of the carrying value of fixed assets at the beginning and end of the current financial year are set out below:

| | Plant & Equipment | Motor Vehicles | Office Equipment & Computers | Artwork | Total |
|------------------------|------------------------------|-----------------------|---|----------------|------------------|
| Opening Balance | 36,966 | 2,125,657 | 35,502 | 6,302 | 2,204,427 |
| Additions | 4,150 | 427,995 | 38,769 | - | 470,914 |
| Disposals | - | - | - | - | - |
| Depreciation | (10,780) | (562,691) | (37,696) | - | (611,167) |
| Closing Balance | 30,336 | 1,990,961 | 36,575 | 6,302 | 2,064,174 |

11. PAYABLES (CURRENT)

| | 2019 | 2018 |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| Trade payables | 34,654 | 88,836 |
| Accrued expenses | 4,569 | - |
| Goods and services tax payable | - | 37,553 |
| Payroll liabilities | 150,882 | 89,496 |
| Revenue received in advance | 267,907 | 272,000 |
| Credit cards | 51,116 | 53,190 |
| Total payables | 509,128 | 541,075 |

12. PROVISION FOR EMPLOYEE ENTITLEMENTS

| | 2019 | 2018 |
|--|----------------|----------------|
| | \$ | \$ |
| Provision for annual leave | 164,121 | 104,346 |
| Total provision for employee entitlements | 164,121 | 104,346 |

Orange Sky Australia Ltd

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13. RESERVES

| | 2019 | 2018 |
|--------------------------------------|----------------|----------|
| | \$ | \$ |
| Foreign currency translation reserve | (5,873) | - |
| Total reserves | (5,873) | - |

14. RETAINED SURPLUS

| | 2019 | 2018 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Opening balance | 4,186,900 | 2,884,565 |
| Surplus / (Loss) for the period | 597,701 | 1,302,335 |
| Closing balance | 4,784,601 | 4,186,900 |

Management's objective when managing capital is to ensure the entity continues as a going concern and is in a position to continue achieving its stated objectives. A monthly review of management accounts is carried out by the Board.

15. RELATED PARTY DISCLOSURE

(a) Board Members

The Directors in office at the date of this report and during the 12 month period (unless otherwise stated) were:

Lucas Patchett

Nicholas Marchesi

Joanne Westh (ceased 18 April 2019)

Robert Tully (ceased 15 December 2018)

Nicholas Miller

Catherine O'Sullivan

Lachlan Mitchell (appointed 8 February 2019)

Claire Marchesi (ceased 15 December 2018)

(b) Key Management Personnel

Details relating to key management personnel, including remuneration paid, are included in Note 16.

(c) Transactions with Related Parties

During the year, no transactions occurred that were not within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers. Directors or their related entities may also have provided pro-bono services to Orange Sky during the year.

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16. KEY MANAGEMENT PERSONNEL

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the organisation. The Company has identified five positions through the period and four positions as at balance sheet date (2018: four positions) that meet this definition.

Key Management Personnel compensation during the year ended 30 June 2019 was:

| | 2019 | 2018 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 698,692 | 536,971 |
| Total Compensation | 698,692 | 536,971 |

No director received any remuneration for the year (2018: \$Nil) in relation to services as a director of Orange Sky.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments are cash and short-term deposits, trade receivables and trade payables which arise directly from operations. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial statements.

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations with financial liabilities. The risk is controlled by the Company retaining sufficient cash and cash equivalents to meet normal operating requirements. The remaining contractual maturities of the Company's financial liabilities are:

| | 2019 | 2018 |
|--------------|----------------|----------------|
| | \$ | \$ |
| 6- 12 months | 673,249 | 645,420 |
| Over 1 year | - | - |
| Total | 673,249 | 645,420 |

18. COMMITMENTS & CONTINGENCIES

Operating lease commitments contracted for at reporting date but not provided for in the financial statements are as follows:

| | 2019 | 2018 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| No later than twelve months | 125,000 | 114,583 |
| Between twelve months & five years | - | 20,834 |
| Total | 125,000 | 135,417 |

Details and estimates of maximum amounts of contingent liabilities are as follows:

a) Bank Guarantee

Orange Sky has a bank guarantee of \$34,375 (2018: \$34,375) as a deposit for the office lease at 31 Dover Street, Albion.

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19. SUBSIDIARIES

Interests in subsidiaries

The consolidated financial statements of the Group include the following entities:

| Name of Entity | Principal Activities | Equity Interest | |
|-----------------------------|---|-----------------|--------------|
| | | 30 June 2019 | 30 June 2018 |
| Orange Sky New Zealand Ltd* | Free mobile laundry and shower service for people experiencing homelessness | 100% | 100% |

*This entity was incorporated and registered in New Zealand on 15 May 2018.

20. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial Information

The individual financial statements for the Parent entity (Orange Sky Australia Limited) show the following aggregate amounts:

| Statement of financial position | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| <i>Assets</i> | | |
| Current assets | 2,477,357 | 1,635,450 |
| Non-current assets | 2,909,802 | 3,197,002 |
| Total assets | 5,387,159 | 4,832,452 |
| <i>Liabilities</i> | | |
| Current liabilities | 609,039 | 645,420 |
| Non-current liabilities | - | - |
| Total liabilities | 609,039 | 645,420 |
| Net Assets | 4,778,120 | 4,187,032 |
| <i>Equity</i> | | |
| Contributed equity | - | - |
| Reserves | - | - |
| Retained surplus | 4,778,120 | 4,187,032 |
| Total equity | 4,778,120 | 4,187,032 |
| Income for the year | 591,088 | 1,302,467 |
| Total comprehensive income for the year | 591,088 | 1,302,467 |

21. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other matters or circumstances which have arisen subsequent to the reporting date, which would have significantly affected, or may significantly affect, the above dealings of the Company.

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DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The financial statements and notes of Orange Sky Australia Limited for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and 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 June 2019 and of its performance for the year ended on that date; and
 - b. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and the Australian Charities and Not-For-Profits Commission Regulation 2013.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board



Nicholas Miller

Dated this 1st day of November 2019



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Independent Auditor's Report to the Members of Orange Sky Australia Limited

Report on the Financial Report

Opinion

We have audited the financial report of Orange Sky Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Group is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated 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 Group 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group'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 Group 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.

As part of an audit in accordance with the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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- Conclude on the appropriateness of the directors' 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 and the requirements of the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947)^x

We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991 and the WA Charitable Collections Act (1946). 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 and the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947).

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(s) 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.



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Opinion

In our opinion:

- a) the financial report of the Group has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2019, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
 - ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;
 - iii. the WA Charitable Collections Act (1946); and
 - iv. the WA Charitable Collections Regulations (1947).
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations.

Ernst & Young

Madhu Nair
Partner
Brisbane
5 November 2019