

Orangesky

— Australia —

Annual Report 2019/20



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Orange Sky Australia acknowledges the 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 Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

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Co-Founders' Report

Every year around this time, we sit down to write a page for our Annual Report and try to sum up our thoughts, reflections, achievements and activities from the past 12 months at Orange Sky. Needless to say, we always struggle - but this year has been particularly hard. It has been one of the most challenging 12 months; not only for us, but the entire world. How do you possibly sum that up into a single page?

We could work chronologically through the year and celebrate signing our first customer for Volaby (formerly Campfire) in August, welcoming three new board members in November and launching new services in Wellington, Maningrida (remote Northern Territory) and the Northern Rivers of NSW.

We could share how difficult the second half of the year was, starting with the devastating Australian bushfires over the summer and followed by the global COVID-19 pandemic.

Or we could talk about the milestones we hit this year, including 38,125 loads of laundry, 5,120 showers, 55,426 hours of conversation, and \$8.6m in social impact.

The important thing to remember about all of these moments and numbers is that it always boils down to the same thing; the people, stories, conversations and connections that take place on orange chairs (be they socially distanced or not!). We wanted to share a story with you, written by Nic, that reflects just how powerful a simple conversation can be.

"I was out on shift in Brisbane, at the site of our first ever wash, and was trying to break away from the standard routine of chatting to the same friends and volunteers I see when I am there. I saw a middle aged woman sitting on an orange chair by herself and decided to introduce myself, she told me her name was Dani. A thick American accent and 20 years my senior, I was wondering what common ground we could find.

We started chatting and when I asked about her plans for the day, Dani told me she was going to yoga. She said that a volunteer named Claire reminded her of her own Mum, because she listened without judgement and was super caring and loving. I asked how she found out about the studio and she told me she got the confidence to go there after an Orange Sky volunteer named Claire suggested it to her.

Coming to Orange Sky shifts and going to yoga made Dani feel great and she told me stories of how other volunteers listened to her and made her feel supported. She said that the volunteer, Claire, reminded her of her own Mum because she listened without judgement and was super caring and loving.

Dani didn't need to say any more, I had goose bumps and tears in my eyes. I knew exactly what she was talking about, because I had felt that special connection in my own life. I had felt that exact same feeling, from that exact same person, because the woman she was talking about was my own Mum, Claire Marchesi.

At that moment, I was reminded of the powerful simplicity of Orange Sky. Dani and I couldn't be more different, however we had this common connection to a single person that came about through an Orange Sky shift. That for me sums up what Orange Sky is all about; people from all walks of life, sitting on orange chairs in search of connection."

Through all the challenges, turbulence and difficulty faced this year, a simple moment sitting on an orange chair brings everything into perspective and reminds us about the power of conversation and connection.

We want to say a massive thank you to every one of our supporters, volunteers, staff members and friends who help to make Orange Sky a place where everyone feels connected and supported.

With your help, we look forward to creating better outcomes for people doing it tough in the coming year.



Lucas and Nic

Orange Sky Co-Founders and Managing Directors



Chair of the Board Report

When stepping into my role as Chair of the Orange Sky Board in November 2019, the success of the organisation was obvious; growth, commitment to the mission, innovation and a culture that is its best asset.

Once the new Board was assembled, we talked about the path to that point, and looked to the path ahead. One thing we discussed was the need to ensure that Orange Sky was as resilient and sustainable as it had been fast-growing and successful. In a nutshell, the organisation was now so important to so many people that we owed it to those who rely on it – our friends, volunteers, supporters and staff – to ensure it could withstand whatever curve-ball event might be bowled up.

Fast forward a few months and as the COVID-19 pandemic changed our world, we were confronting a real-life drill on the organisation's resilience.

We are far from the end of this pandemic, and even further away from dealing with its many consequences, but for Orange Sky, it is assured that we will be part of the solution required. The team responded with agility; problem-solving, re-designing and re-imagining the way we operate from the ground up. It was distressing to make the call to pause our services, but heartening to see how quickly we re-established. The Orange Sky service is so important to so many vulnerable members of our society. We needed then, and still today, to be especially mindful of how devastating an outbreak amongst our friends could be.

I didn't know Nic or Lucas before last year, but I am glad I met them. For many of you reading this note, you will be aware of their incredible achievements including 2016 Young Australians of the Year, and now, Order of the Medal of Australia recipients in 2020. Their leadership capacity and potential is real, and I am looking forward to working with them as they continue their journey and that of Orange Sky.

I know I speak also for the other two new Directors, Sommer Davies and Paula Holden, in saying that it is a true privilege to now be a part of the team. Sommer and Paula bring great skills and insight from the sector to the Board table. Orange Sky is fortunate to have their experience and expertise. I have a strong personal commitment to promoting diversity at the leadership level, so I am especially glad these two very skilled and capable women are on our Board.

I also want to acknowledge Nick Miller who steered the good ship of governance at Orange Sky while we went through the process of reconstituting the Board. It took a little longer than first planned, and Nick's long and enduring commitment to the organisation is worthy of a shout-out. Finally, thanks also to Lachlan Mitchell who gives his time and his professional expertise as the Company Secretary. Both Nick and Lachlan welcomed new children in the last year – in Lachlan's case, twins! The time they give on top of having busy careers and busy families is impressive.

It might be trite, but it's true: we live in a rapidly changing world. And while so many talk about innovation in dehumanised, digital terms, Orange Sky continues to be an innovator in a human context. It is an organisation built and run by and for people. To all our friends, supporters, staff and volunteers – you are the reason Orange Sky exists and subsists. It's not about the vans, the pods, the digital platform or the t-shirts – it is about the human connection. In a world of lockdowns, border closures and social distancing, our mission to promote connection is suddenly even more important.



Thanks to all, and I look forward to working with you – whatever the future holds.

Andrew Fraser

Chair of the Board

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

At Orange Sky, we're passionate about positively connecting the community. Although 2020 has brought challenges that none of us could have predicted, we remain committed to supporting our friends by providing access to free laundry, warm showers and genuine conversation.

13,701

people positively connected



8,308

shifts



31

vans in operation



38,125

washes



5,120

showers



55,426

hours of conversation



1,735

volunteers

Our Reach





Meet Ros

"In 2013, I became homeless. Before this I was very secure with two children who were both about to finish school. Then when the marriage broke up, I was the odd one out.

It was really hard, because to work out who I was I needed to get rid of all the negative influences over my life. I was growing differently and I wasn't conforming to what people thought I was. It wasn't just my children I lost. It was my siblings as well. I guess further than that was the cousins. Then in 2015, Mum died and that made a big impact on my life. One more connection gone, and a feeling of loss to deal with. This was when I realised that I needed to find a connection with other people, other people that were by themselves.

I used to stay close to Musgrave Park in a spot that was probably only about six foot from the footpath. There's been some interesting situations where I have stayed. I seem to keep moving further and further from the city because more and more people seem to be sleeping out in the city. It's interesting because when you're walking around you think, 'Oh, that'd be an alright place to sleep.'

I am still sleeping in different spots at the moment. I move around a bit so I can still operate my business selling flowers. It is nice to have a little bit of money for different things but it doesn't provide enough money to pay for a place to stay. I need to depend on homelessness services around

the city and that's what led me to start getting my clothes washed with Orange Sky.

I come to the Musgrave Park (Brisbane) shifts twice a week and now feel like this is my family. I talk with the volunteers and get to know everyone that attends really well. I think I am known as a bit of a nosy parker, but also think that everyone likes talking to me about what is happening in their lives.

It's important for the shifts to keep happening, for the vans to keep coming out because that's the connection. For some people, it may be the only connection that they have. The volunteers come out every time to the different locations and they know the people that are regularly there and they interact with them. And it's great that the people who haven't got families, who are disconnected, have got somewhere that they can go.

My life is on the up now. I am back in touch with my children and I am working enough to feel like I have some purpose. In those times when things are not gelling, you have to be patient. I knew it would turn around, but you can't push it. You can't push it. You've just got to wait for it to turn around."

October 2019

Launch of our second laundry and shower van in New Zealand; Orange Sky is now operating in both Auckland and Wellington.

October 2019

We celebrated our fifth anniversary of operations!

November 2019

Launch of our volunteer management software, Volaby; a purpose-built application for the not-for-profit sector.

December 2019

We reached the amazing milestone of 200,000 hours of genuine conversation between our volunteers and friends.

January 2020

Launch of our second laundry service in the Northern Territory, located in the remote community of Maningrida in North-West Arnhem Land.

February 2020

We deployed a van to support people impacted by the bushfires in East Gippsland, Victoria.

February 2020

Launch of a laundry and shower service in the Northern Rivers region of NSW.

March 2020

Paused shifts for the first time in our history due to COVID-19 and re-launched under a new operating model.

May 2020

We launched a 'fixed service' laundry pod in Mackay.

June 2020

Nearly 80 shifts a week operating after pausing services in March due to COVID-19.





Laundry, Showers & COVID-19 Response

Over the past 12 months, Orange Sky has expanded our impact through moderate growth in our service assets, and by building and deploying new systems and processes to support our ongoing service provision. We now have a fleet of 20 laundry vans, three shower vans, seven hybrid (combined laundry and shower) vans and two laundry pods across Australia.

March was a very tough month for our team as we made the difficult decision to pause our services across Australia and New Zealand. We knew this would have a massive impact on our friends, volunteers and service providers, however the safety of our community came first. After taking time to develop safe work procedures, source critical PPE and review our operational guidelines, we were very excited to recommence our operations in early April.

A key focus for the Operations Team was to rebuild our previous shifts and introduce new shifts to ensure we could continue to maximise social impact.

With a new operating model in place to address the ongoing challenges of the coronavirus, our aim was to add 80 new shifts per month across the country until we could return to our pre COVID-19 shift levels. This included:

1. Implementing processes and systems to ensure that our friends, volunteers and the general public are kept safe;
2. Mobilising volunteer teams across different states and territories; and
3. Working with new and existing service providers who are also grappling with COVID-19 challenges.

Although we're not expecting to be back to pre-COVID-19 operation levels until February 2021, we have an incredible team of volunteers who support us every day around Australia by sitting down on an orange chair and connecting with friends.



Mike Duggan

Chief Operations Officer



Laundry Pods

To further connect communities in Australia, Orange Sky has developed a cost-effective, flexible and scalable laundry solution – known as the 'laundry pod' – to complement our mobile services. The laundry pod is a compact and fixed laundry container, and this year we were excited to launch one in Mackay! Similar to our existing mobile service, the laundry pods are operated by a dedicated team of volunteers from the local community who engage in genuine and non-judgmental conversation with friends while their laundry is being washed. Like our mobile

vans, the laundry pods leverage Orange Sky's proprietary technology, connecting our services around the country with our head office and service support team through a dedicated service management portal. Laundry pod service implementation enables Orange Sky to increase the social impact we have in a region, while ensuring that we can better tailor the service to the community's needs and help more people doing it tough.



Community Response

Orange Sky places huge importance on helping out people when they are most in need. This year, we applied a new Community Response Assessment Framework that helped us to make decisions on where we could be of the most assistance to communities impacted by disaster.

Over the past 12 months, we supported communities affected by bushfires near Port Macquarie and were able to provide free laundry services at community recovery centres in the Gold Coast Hinterland. Thanks to a generous donation

from Bank of Queensland, we were also able to deploy vans in rural and regional Victoria to support community recovery by washing uniforms for the men and women of the Country Fire Authority. A team of volunteers and Orange Sky staff visited communities from Bairnsdale to Mallacoota, travelling over 3,000 kilometres and washing 81 loads of uniforms across 15 shifts.



Remote

In January 2020 Orange Sky was excited to launch its third remote service in Maningrida in North-West Arnhem Land, Northern Territory. There are around 2,500 residents, however the population fluctuates throughout the year due to seasonal changes, ceremonial activity and movement between 30 outstations.

Consultation with the West Arnhem Regional Council, Mala'la Health Service Aboriginal Corporation and a number of not-for-profit organisations providing services to the community resulted in a scoping trip to the region in September 2019 with one of our first laundry vehicles, Cathy. This meant the Orange Sky team was able to engage with residents in the region as well as all organisations in and around Maningrida. This was enormously valuable to assess the need for our service and build important relationships across the community. The outcome has been a solid partnership with the local Aboriginal Health Service, Mala'la. The purpose of the partnership is to work collaboratively to improve the health and wellbeing of the Maningrida community by providing access to much needed laundry facilities and a space for conversation and connection across the community. A clear indicator of the partnership's success is seeing more than 18,000kg of washing completed in the first five months. This is an incredible level of social impact for any new service and it wouldn't be possible without our partnership with Mala'la Health Service Aboriginal Corporation.

Our Palm Island service is still providing employment and training opportunities with two well-respected local residents doing an incredible job to support their community. In September 2019,

Orange Sky supported a three day training summit for the Palm Island team to build their capacity to maintain the vehicle and manage the service. We continue to be responsive to the needs of the community across the Island.

In the 2019/20 financial year it became apparent that Orange Sky's first mobile remote vehicle placed in Lockhart River required some cost-prohibitive maintenance. In addition, the smaller population and compact nature of the community lead to the decision to replace the vehicle with a laundry pod in a central location. The pod is fitted with three large washing machines and three dryers and sustains employment for one to two people. The major benefit of this change is the lower ongoing maintenance requirements and community's engagement with the service remains strong and consistent.

An important celebration for our remote services is that we were able to continue service provision during the COVID-19 pandemic. This was largely due to remote communities being in lockdown and no active cases being recorded. In addition to implementing our safety processes and protocols for COVID-19, we stayed in close contact with the Health Services and Aboriginal Councils in each location to monitor any changes.

Orange Sky continues to receive interest from remote communities across Australia and due to the success of the Maningrida service, collaborative partnerships will be a key focus for further growth in our remote services.

Volaby



The 2019/20 financial year saw Orange Sky officially launch Volaby (formerly Campfire) - a purpose-built software platform specifically designed to help volunteer-led organisations amplify their impact.

Volaby streamlines the full volunteer lifecycle and the management of operations, providing a better experience for volunteers, improved data capture and greater insight into social impact.

Through Volaby, Orange Sky is taking modern, design-led, technology solutions and industry leading expertise and sharing it with the market. In doing so, we are not only establishing a new revenue stream, but also amplifying impact across the entire volunteering sector by enabling other not-for-profit organisations to operate and measure impact more effectively.

Since launching in December 2019, Volaby has supported organisations such as Sea Shepherd, Meals on Wheels, and Sunny Street to amplify their impact with a more engaged, safer and effective team. With 14 partners on board and using the product, Volaby has facilitated more than 5,000 volunteering hours and 781 activities (or 'shifts' as we call them here at Orange Sky).

Volaby was initially funded by a \$1 million grant through the 2018 Google Impact Challenge. Orange Sky is currently exploring a number of other opportunities to ensure Volaby is fully-funded until it can return a sustained and ongoing revenue.

The potential of Volaby is enormous and with an exciting roadmap planned over the next 12 months, we're excited at the opportunity to help even more people doing it tough or in need of support.

Meet the Board

Andrew Fraser

(Chair, member of Nomination & Remuneration Committee and member of Audit & Risk Committee)

Following a career that saw Andrew become the Deputy Premier of Queensland and an executive at the National Rugby League, Andrew has since taken on a number of board and advisory positions including the Chair of Sunsuper, advisory board member at Ernst & Young, member of the University Council at Griffith University and board roles on the NZRL, Confederation of Australian Motor Sports, Third Space and Hear & Say. Andrew joined the Orange Sky Australia Board as Chair in 2019 and works closely with Nic and Lucas to ensure Orange Sky's sustainability.



Paula Holden

(Non Executive Director and Chair of Nomination & Remuneration Committee)

Paula has an extensive and varied background in the HR and health and safety fields across the mining, Government and not-for-profit sectors. Paula is currently the Executive General Manager of People and Culture at the Endeavour Foundation, overseeing a team of over 4,800 staff and 1,200 volunteers. Paula holds a Bachelor in Commerce and Management, a Masters in HRM, and an MBA; Paula is a Certified Practising Fellow of the Australian HR Institute (FCPHR), a member of the Australian Institute of Company Directors, and a Justice of the Peace (Qual). Paula chairs the Nominations and Remuneration Committee and has been an Orange Sky Board member since 2019.



Sommer Davies

(Non Executive Director and member of Audit & Risk Committee)

Sommer has over 20 years fundraising and not-for-profit experience helping some of Australia's most impactful charities raise more funds and help more people, including the Royal Flying Doctor Service, Children's Hospital Foundation and Cancer Council Queensland. Sommer has since stepped away from her executive roles to focus on consulting to a range of small and large not-for-profits as well as running her own tourism business. Sommer joined the Orange Sky Australia Board in 2019 and holds an MBA from Queensland University of Technology and a BSc from the University of Queensland.



Lucas Patchett OAM

(Managing Director and Member of Nomination & Remuneration Committee)

Lucas has been an Orange Sky Board Member since the organisation was founded and has played a critical role in the strategic direction and culture of Orange Sky. Lucas has been foundational to the development of Orange Sky's strategic goals and objectives, and has driven research and development across the organisation. Lucas was awarded the 2016 Young Australian of the Year, 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region), and The Medal of the Order of Australia in 2020 for his work at Orange Sky.



Nick Miller

(Non Executive Director and Chair of Audit & Risk Committee)

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 Honours) and a Bachelor of Commerce from the University of Queensland, and an MBA from the London Business School.



Nicholas Marchesi OAM

(Managing Director)

Nic has been an Orange Sky Board Member since the organisation was founded and has played a critical role in the strategic direction of Orange Sky. 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 was awarded the 2016 Young Australian of the Year, 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region), and The Medal of the Order of Australia in 2020 for his work at Orange Sky.



Lachlan Mitchell

(Company Secretary)

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 Bachelor of Laws (Honours) from the University of Queensland.

Senior Leadership Team



Nicolas Marchesi OAM

Co-Founder and Managing Director

I've worked at Orange Sky...

Ever since our first load of washing in 2014.

I look after...

Leading and supporting the Operations, Technology and Campfire teams. I focus on supporting the establishment, running and sustainability of our organisation through operations and finding practical innovative ways for us to have the most impact we can. I also support the strategy and fundraising across Australia and New Zealand.

I love Orange Sky because...

We are able to help each other, have fun and learn along the way.



Mike Duggan OAM

Chief Operations Officer

I've worked at Orange Sky for...

16 months - I started my journey with Orange Sky on April 1st, 2019.

I look after...

Operations across Australia and New Zealand including leading our awesome team of program managers, subject matter experts, project managers and support officers in the metro, regional and remote spaces.

I love Orange Sky because...

It's an exciting, fast-paced and purposeful place to spend my time doing good work with good people.



Lucas Patchett OAM

Co-Founder and Managing Director

I've worked at Orange Sky for...

Officially 3 years but was lucky enough to have been at the first wash back in 2014!

I look after...

Leading and supporting the Brand and Communications, Fundraising, Finance and HR teams, with a focus on supporting the viability and sustainability of our organisation through our strategy (in collaboration with the Orange Sky Board), building great relationships with supporters and growing our brand.

I love Orange Sky because...

Three of my core values are learning, helping people and having fun. Every day at Orange Sky I get to learn so much, meet and work alongside incredible people and help a lot of people along the way.



Laura Stokes

Chief Marketing Officer

I've worked at Orange Sky...

For 10 months.

I look after...

The wonderful Brand and Communications and Fundraising team that is responsible for making sure we have the sustainable revenue we need to operate Orange Sky and amplify and grow our brand.

I love Orange Sky because...

No matter who you engage with - friends, volunteers, employees and/or supporters - everyone is passionate and committed to supporting people doing it tough across Australia and New Zealand.



Emma Young

Chief Financial Officer (departed May 2020)

I've worked at Orange Sky for...

Since 2016 - but I started volunteering about a year before that. In May 2020, I decided to go back to a purely volunteer role - so all up it's been about 5 years.

I look after...

Our Finance and HR team. It's incredibly important to me that our funding is as impactful as possible and that our people feel empowered and supported to make this happen.

I love Orange Sky because...

I understand how special it is to be entrusted with people's stories and will always be grateful for the opportunity to hear them.



Melanie Woodward

Chief Financial Officer (commenced May 2020)

I've worked at Orange Sky for...

Since the start of May - so only a couple of months.

I look after...

The Finance and HR teams. I feel incredibly lucky to be able to bring my commercial experience to Orange Sky and work with the team to continue to build a sustainable future for the business.

I love Orange Sky because...

It's given me the opportunity to take my love of working in the not-for-profit sector from an outside of work interest to my everyday focus. The most rewarding parts of my career to date have come through the work I've done with not-for-profit organisations; the people I've met and the pure selflessness from volunteers that I've seen has truly changed my life.



The Orange Juicers

Pictured is Orange Sky Co-founders, Nic Marchesi (left) and Lucas Patchett (right) with Orange Juicers John Calvert-Jones, Kenton Elliott & Kristin Michaels.

At Orange Sky, we know the value of connection. We also know that people often ask us, "What can I do to help?". In 2020, Lucas had the idea to pilot a new community called the Orange Juicers (OJ); a community of individuals across Australia and New Zealand that allows people who are looking to support Orange Sky to give back, solve state based problems and support with mentorship and advice.

Orange Juicers are people who believe in Orange Sky and our mission, embody the values of an Orange Sky person and want to help us positively connect with the community to support our sustained impact.

We kicked off our efforts in Victoria and Queensland in 2020. Our Victorian team of OJ's, John, Kenton and Kristin, have been meeting for nearly a year now on a quarterly basis. All three of them bring a range of expertise to the group with strong commercial experience, philanthropic understanding and most importantly - a desire to make a difference. To date they've been able to solve challenges we've had with where we store our vans, how we increase our social impact by delivering more shifts and introduce us to more people who are eager to help Orange Sky.

We're excited to have kick-started our efforts to start an Orange Juicers program in Queensland and are looking forward to rolling out this program across other states and territories to drive more impact. We recognise that a problem shared is a problem halved and are grateful for all the people in our community helping us.

Victorian Juicers:

1. John Calvert-Jones
2. Kristin Michaels
3. Kenton Elliott



Fiona Hodges

Strategic Partnerships Manager



Meet John

"Hi, my name is John. I have been coming to the Orange Sky service since they started here in Wickham Park (Brisbane) about five years ago.

I've lived in Brisbane since about 1990 and before that was down in Melbourne. I was happily married for 13 years and then that finished quite suddenly. We are still on good terms and I make sure I give her a call at least once per year.

I was a cab driver for a long time and felt that helped me to try to understand how to look at people from the inside. Sometimes I feel like I am a spiritual warrior disguised among the people, here to observe and help people on their way.

Since my wife and I broke up, I have been living in drop in centres around Brisbane. It is not glamorous, but I don't need much to get by.

I enjoy coming down to Orange Sky as much as I can. I often think about the volunteers and how they come from places where their normal day-to-day life is not the same as here. I feel that when they come here it's a - kind of - blessing for them. They can ground themselves and reset things that are going in other parts of their lives. I hope [Orange Sky] stays here for a very long time."

Our Story So Far

OCTOBER 2014



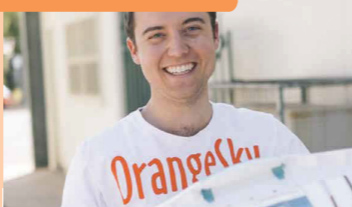
First ever load of washing

JULY 2015



First interstate van launched in Melbourne CBD

JULY 2016



First staff member

AUGUST 2016



First shower

FEBRUARY 2017



250,000kg of laundry

FEBRUARY 2017



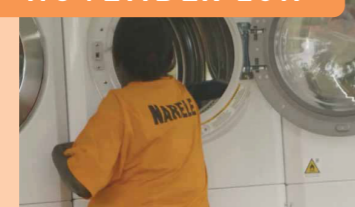
1,000 Orange Sky volunteers

MAY 2017



50,000 hours of conversation

NOVEMBER 2017



Launch of Orange Sky Remote Services

JANUARY 2018



500,000kg 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

OCTOBER 2018



We won \$1 million through the Google Impact Challenge to launch Volaby

MARCH 2019



1,500 Orange Sky Volunteers

MAY 2019



1 million kg of laundry

OCTOBER 2019



We celebrated our fifth anniversary of operations

AUGUST 2019



Brought on our first Campfire partner; Sunny Street

DECEMBER 2019



200,000 hours of conversation

FEBRUARY 2020



Launched our 31st service location in the Northern Rivers of NSW.

MARCH 2020



Paused shifts for the first time in our history due to COVID-19 and re-launched under a new operating model

MAY 2020



Launch of fixed laundry pod in Mackay, Queensland

The Year Ahead

Orange Sky has always been a future focused organisation. As we move into the next stage of our growth, we've been spending a lot of time considering how we continue to drive social impact and support people doing it tough in an innovative and effective way.

2020 has taught us that no matter how well you plan, the only thing you can be sure of is that it could change. Being adaptable, resilient and responsive is what Orange Sky is known for and we've had to draw on these organisational values a lot in the past year.

For the year ahead, our focus is to continue to build our short, medium and long term plans, ensure we can maintain and sustain our services to ride the challenges of the COVID-19 pandemic, and ensure the ongoing resilience and robustness of the organisation.

With a relatively new Board in place, our Senior Leadership Team has been working with Board members to consider what Orange Sky will look like in 2025, how we're going to get there, and what our stages of success will be throughout the course of the next five years. We are excited about what the future holds and are more determined than ever to ensure we can maintain and sustain our services long into the future.

Rebuilding our service levels will be essential to maximising our social impact. Based on our current forecasts, we'll be back to pre-COVID-19 operational levels by February 2021 (however this is caveated based on how the pandemic plays out). What we do know is that thanks to our community, we will do whatever we can to overcome this challenge.

Finally, growing the organisation's resilience, robustness and sustainability continues to be a key focus for the organisation to deliver on its mission to positively connect communities. We focus the organisation's objectives around three key priority areas, which are to grow social impact, improve our financial sustainability, and deliver greater social return*. For the year ahead, we are looking to deliver \$10.8m in social impact, generate \$5.8m in revenue and deliver a social return of 2.25.

The graph depicts the growth and changes across some of these objectives to date.



Orange Sky continues to see value both for the not-for-profit sector as a whole, but also for the organisation's sustainability by investing in Volaby - our proprietary volunteer management software. Volaby now has 14 partners using the product including Sea Shepard, Meals on Wheels and other well known brands. The ambition is for our partner base to grow exponentially during this financial year. Currently, the operational costs of Volaby continue to be covered by a grant that we received in 2018 through the Google Impact Challenge.

Similarly, Orange Sky New Zealand continues to go from strength to strength. It 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, 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 and safety, marketing, fundraising, finance, human resources and administration.

Thank you for your ongoing passion, support and belief in Orange Sky's mission. We look to journeying through the year ahead with you.

Nic and Lucas
Managing Directors



***Social Impact:** 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. An economic and social value is then assigned to each of these outputs to calculate our social impact.



Revenue: Improving our financial sustainability is about ensuring that we have the adequate financial resources required to generate this social impact. We will continue to have a range of diversified revenue streams such as general donations, peer-to-peer events like The Sudsy Challenge (which will be going into its third year), corporate partnerships and philanthropic donations.



Social Return: Delivering greater social return is a ratio of our social impact compared to our relevant expenses (excluding New Zealand and Volaby 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.

Our Partners

PRINCIPAL PARTNER



NATIONAL PARTNERS



VAN PARTNERS

Calvert Jones Foundation
Department of Housing and Public Works
Flannery Foundation
Graf Family
Icon Water
Jelley Family Foundation
JMQ Foundation
Knox Foundation
Lyone Foundation
Mala'la Health Service Aboriginal Corporation
Merchant Charitable Foundation
Port Waratah Coal Services
Portland House Foundation

Roche Pharmaceuticals
SA Water
Seaton Foundation
SportsBet
Sydney Water
The Dyson Bequest
The James Frizelle Foundation
The Jenour Foundation
The Snow Foundation
Thyne Reid Foundation
Unity Water
Urban Utilities
Woodside Energy
Yarra Valley Water

COMMUNITY PARTNERS

Adairs
QIC

SUPPORTING PARTNERS

Ashurst
Australian Institute of Company Directors
oOh! Media
Symbio
WaterCorporation



Financials

Overview

The 2019-20 financial year saw many unexpected challenges for Orange Sky. Thanks to our Board and Senior Leadership Team's (SLT) prudent financial management, we were able to navigate through the uncertainty of COVID-19 with some confidence as we struck a balance between conservatism and development.

By reducing costs and finding innovative ways to increase our revenue, we ended the financial year in a stronger position than anticipated with a surplus exceeding \$1.3 million. This allows us to continue focusing on re-building our operations in this COVID-19 world and ensuring that our current fleet is creating the greatest possible impact in the community. Once this goal is reached, we will consider new investments such as the expansion of our fleet, innovative projects and research and development streams in order to achieve our five-year strategy and deliver on our mission.

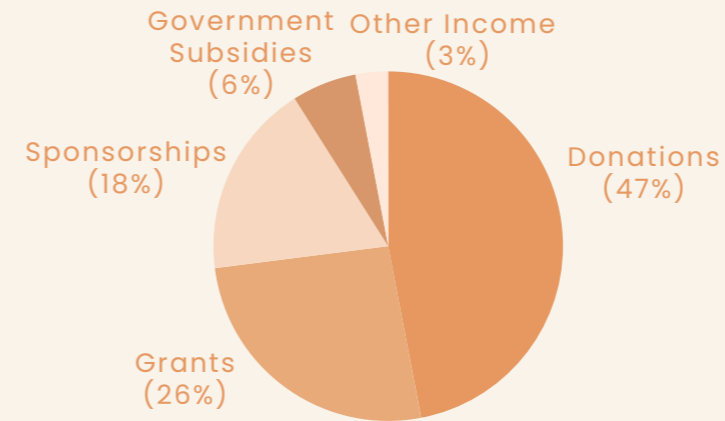
We are proud to be a profit-for-purpose organisation and our surplus puts us in a strong position to ensure we continue providing a consistent and reliable service for our friends, now and into the future.

Orange Sky's Revenue

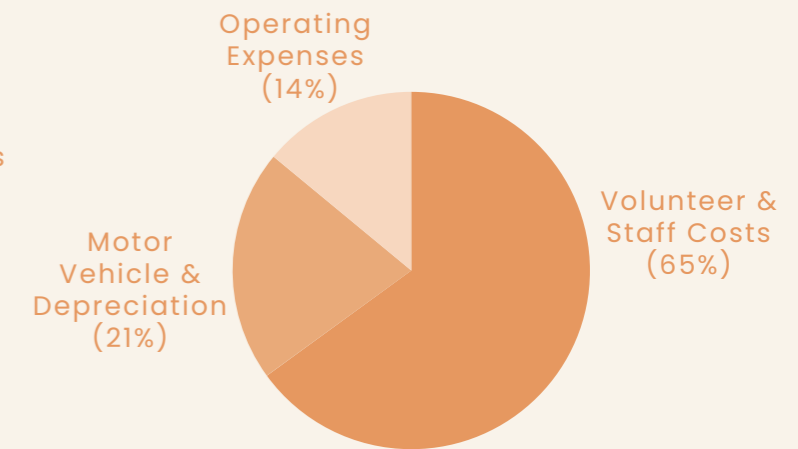
2018 - 2020 Financial Years



Income



Expenses



Our Impact



Orange Sky's social impact



Value of quality of life gained by friends



in services provided by volunteers



Value of quality of life gained by volunteers



Financial Report

Year Ended 30 June 2020



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Your directors present this report on the company for the financial year ended 30 June 2020.

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
Andrew Fraser	Chairperson, appointed 26 November 2019
Nicholas Miller	Non-Executive Director
Paula Holden	Non-Executive Director, appointed 26 November 2019
Sommer Davies	Non-Executive Director, appointed 26 November 2019
Catherine O'Sullivan	Non-Executive Director, retired 4 December 2019
Lachlan Mitchell	Company Secretary

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 six years, Orange Sky has developed a network of over 1700 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 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

Prior to the outbreak of COVID-19, the 2019–20 financial year saw Orange Sky continue to expand our laundry and hybrid van fleet across Australia and New Zealand, reach the milestone of 200,000 hours of non-judgemental conversation, support the community's recovery from natural disasters, and launch our volunteer management software, Campfire.

Some key highlights for the year include:

- October 2019 – launch of our second launder and shower vehicle in New Zealand; Orange Sky are now operating in both Auckland and Wellington. This month also saw us celebrate our fifth anniversary.
- November 2019 – launch of our volunteer management software solution, Campfire. A purpose-built application for the not-for-profit sector.
- December 2019 – we reached the amazing milestone of 200,000 hours of non-judgement conversation and genuine connection between our dedicated volunteers and our friends on the street.
- January 2020 – launch of our second laundry service in the Northern Territory, located in the remote community of Maningrida in North-West Arnhem Land
- February 2020 – launch of a laundry and shower service in the Northern Rivers region of NSW
- May 2020 – launch of our first “fixed service” laundry pod in Mackay

Orange Sky exceeded \$6.33m million dollars in revenue with a net surplus for the financial year of \$1,360,861 (2019: surplus \$597,701). We believe that achieving a reasonable surplus helps us build a sustainable organisation for the future.

Information on Directors

Lucas Patchett OAM GAICD – Executive Director

Lucas has been an Orange Sky Board Member since the organisation was founded and has played a critical role in the strategic direction and culture of Orange Sky. Lucas has been foundational to the development of Orange Sky's strategic goals and objectives and has driven research and development across the organisation. Lucas was awarded the 2016 Young Australian of the Year and the 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region) for his work at Orange Sky.

Nicholas Marchesi OAM GAICD – Executive Director

Nic has been an Orange Sky Board Member since the organisation was founded and has played a critical role in the strategic direction of Orange Sky. 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 was awarded the 2016 Young Australian of the Year and the 2017 Ernst & Young Social Entrepreneur of the Year (Northern Region) for his work at Orange Sky.

Andrew Fraser – Chairperson (appointed 26 November 2019)

Following a career that saw Andrew become the Deputy Premier of Queensland and an executive at the National Rugby League, Andrew has since taken on a number of board and advisory positions including the Chair of Sunsuper. He is also a director Watpac, New Zealand Rugby League, Motorsport Australia, Third Space and Hear & Say. Andrew joined the Orange Sky Australia Board as Chair in 2019 and works closely with Nic and Lucas to ensure Orange Sky's sustainability. He holds a Bachelor of Laws and Bachelor of Commerce from Griffith University, with First Class Honours, and now serves as a Member of the University Council.

Nicholas Miller – Non-Executive Director

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 Honours) and a Bachelor of Commerce from the University of Queensland, and an MBA from the London Business School.

Paula Holden – Non-Executive Director (appointed 26 November 2019)

Paula has an extensive and varied background in the HR and health and safety fields across the mining, Government and not-for-profit sectors. Paula is currently the Executive General Manager of People and Culture at the Endeavour Foundation, overseeing a team of over 4,800 staff and 1,200 volunteers. Paula holds a Bachelor in Commerce and Management, a Masters in HRM, and an MBA; Paula is a Certified Practising Fellow of the Australian HR Institute (FCPHR), a member of the Australian Institute of Company Directors, and a Justice of the Peace (Qual). Paula chairs the nominations and remuneration committee and has been an Orange Sky Board member since 2019.

Sommer Davies – Non-Executive Director (appointed 26 November 2019)

Sommer has over 20 years fundraising and not-for-profit experience helping some of Australia's most impactful charities raise more funds and help more people, including the Royal Flying Doctor Service, Children's Hospital Foundation and Cancer Council Queensland. Sommer has since stepped away from her executive roles to focus on consulting to a range of small and large not-for-profits as well as running her own tourism business. Sommer joined the Orange Sky Australia Board in 2019 and holds an MBA from Queensland University of Technology and a BSc from the University of Queensland.

Lachlan Mitchell – Company Secretary

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 Bachelor of Laws (Honours) from the University of Queensland.

DIRECTORS' REPORT

Meetings of Directors

During the financial year, seventeen (17) meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Lucas Patchett	17	17
Nicholas Marchesi	17	17
Andrew Fraser	13	13
Nick Miller	17	16
Paula Holden	13	10
Sommer Davies	13	13
Catherine O'Sullivan	5	0
Lachlan Mitchell (Co Sec)	17	17

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 2020, 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.

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of, and subject to, the terms of its audit engagement agreement all claims by third parties arising from the audit. No payment has been made to indemnify BDO Audit Pty Ltd during or since the financial year.


Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 8 of the financial report.

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

Director

Dated this


23rd day of October 2020



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www.bdo.com.au

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF ORANGE SKY AUSTRALIA LIMITED

As lead auditor of Orange Sky Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orange Sky Australia Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'R M Swaby', written in a cursive style.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 23 October 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Revenue from continuing operations	4(a)	6,746,934	6,077,462
Dividend income		45,126	38,150
Interest income		6,792	23,834
Operating expenses	4(b)	(5,308,949)	(5,546,009)
Interest expense		(3,207)	-
Gain/(Loss) on investments		(122,522)	4,264
Current year surplus / (deficit) before income tax		1,364,174	597,701
Income tax expense	5	-	-
Net current year surplus / (deficit)		1,364,174	597,701
Other comprehensive income for the year		(1,122)	(5,873)
Total comprehensive income for the year		1,363,052	591,828

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2020

	Note	2020	2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,089,295	2,344,288
Accounts receivable and other debtors	7(a)	297,041	56,081
Contract assets	7(b)	121,765	-
Prepayments and other assets	8	85,356	41,979
TOTAL CURRENT ASSETS		4,593,457	2,442,348
NON-CURRENT ASSETS			
Investments	9	1,096,544	945,455
Fixed assets	10	1,995,567	2,064,174
TOTAL NON-CURRENT ASSETS		3,092,111	3,009,629
TOTAL ASSETS		7,685,568	5,451,977
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	12(a)	353,823	509,128
Contract liabilities	12(b)	952,306	-
Provision for employee entitlements	13	175,612	164,121
Lease liabilities		62,047	-
TOTAL CURRENT LIABILITIES		1,543,788	673,249
TOTAL LIABILITIES		1,543,788	673,249
NET ASSETS		6,141,780	4,778,728
EQUITY			
Reserves	14	(6,995)	(5,873)
Retained surplus / (deficit)	15	6,148,775	4,784,601
TOTAL EQUITY		6,141,780	4,778,728

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2018	-	-	4,186,900	4,186,900
<hr/>				
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
<hr/>				
Balance as at 30 June 2019	-	(5,873)	4,784,601	4,778,728
<hr/>				
Comprehensive income				
Surplus / (deficit) for the period			1,364,174	1,364,174
Other comprehensive income for the year	-	(1,122)	-	(1,122)
Total comprehensive surplus / (deficit) for the year	-	(1,122)	1,364,174	1,363,052
<hr/>				
Balance as at 30 June 2020	-	(6,995)	6,148,775	6,144,780
<hr/>				

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donations, sponsorships, grants and customers		7,064,682	6,320,731
Payments to suppliers and employees		(4,483,496)	(4,906,254)
Interest expenses		(3,207)	(26)
Interest income		6,652	23,834
Dividend income		45,126	38,150
Net Cash Flows from Operating Activities	6	2,629,758	1,476,435
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(497,907)	(470,866)
Purchase of investments		(570,944)	(330,036)
Sale of investments		349,040	371,800
Net cash flows used in investing activities		(719,811)	(429,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings		(36,603)	(2,092)
Repayment of leasing liabilities		(121,793)	
Net cash flows used in financing activities		(158,396)	(2,092)
Net increase / (decrease) in cash held		1,751,550	1,045,241
Effect of exchange rate changes on cash		(6,544)	(3,726)
Cash at the beginning of the financial year		2,344,288	1,302,773
Cash at the end of the financial year	6	4,089,295	2,344,288

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. Corporate Information

The financial statements of Orange Sky Australia Limited (Orange Sky) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 23 October 2020.

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 Qld 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 Standards and interpretations first adopted*

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 Revenue from Contracts with Customers retrospectively from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

There were no impacts to the financial statements as a result of the adoption.

AASB 1058 Income of Not-for-Profit Entities

The Group adopted AASB 1058 Income of Not-for-Profit Entities retrospectively effective 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137.

The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense. There were no impacts to the financial statements as a result of the adoption of this standard.

AASB 16 Leases

The Group has adopted AASB 16 retrospectively from 1 July 2019 but has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provision in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.37%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. There were no measurement adjustments related to the initial application of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

(ii) New Standards Issued and interpretations not yet adopted

The following new/amended accounting standards and interpretations have been issued but are not mandatory for the financial years ended 30 June 2020. They have not been adopted in preparing the financial statements for the year ended 30 June 2020 and are expected to impact the Group in the period of initial application. In all cases the Group intends to apply these standards from application date as listed below.

Reference	Name	Date of Application by Orange Sky Australia
AASB 1060	Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	1 July 2021

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities sets out a new, separate disclosure Standard to be applied to entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053, which is based on a new methodology and principles used in determining Tier 2 disclosures that are necessary for meeting user needs, to replace the current Reduced Disclosure Requirements framework. The Group is currently reporting under Tier 2 as a not-for-profit and is determining the impact on the financial statements of the adoption of this standard. This standard is effective 1 July 2021.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 at the fair value of consideration received or receivable, to the extent that it is probable that the economic benefit will flow to the Group. The following specific recognition criteria must also be met before revenue is recognised:

(i) Fundraising income and cash donations

Revenue is recognized 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 recognised in the business are recognised as income and expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

(iii) *Interest income*

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(iv) *Dividends*

Dividends are recognized as revenue when the Group's right to receive payment is established.

(v) *Sponsorships*

Sponsorship agreements entitle the sponsor to something of value in return for their support. Revenue is recognised at a point in time in accordance with AASB15.

(vi) *Grants and Subsidies*

Revenue from government grants received under enforceable agreements, where there are sufficiently specific performance obligations imposed, is deferred until the obligations are satisfied. If the performance obligations are not sufficiently specific, revenue will be recognised upon receipt.

Capital grants are recognised as income when (or as) it satisfies its obligations under the transfer. Capital grants are a type of grant where the company receives a financial asset to acquire or construct a non-financial asset to identified specifications; retains control of the non-financial asset (i.e. for its own use); and the transaction is enforceable.

Gifted assets acquired at a nominal value are recognised at their fair value at the date the Group obtained control over the asset.

(vii) *Subscription revenue*

Revenue from term SaaS contracts are recognised on a daily basis over the term of the contract. The Group considers that such contracts represent a right to access the Group's licenced intellectual property and as such the performance obligation is fulfilled over the contract term. Payment terms in respect of SaaS Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables. Unsatisfied performance obligations in respect of SaaS Fees are disclosed as prepaid subscription revenue in the consolidated statement of financial position. Unearned revenue represents a contract liability which is recognised on the customer being invoiced and unwound as revenue is earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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.

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 uncollectible 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

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

These amounts are unsecured and are typically paid within 60 days of recognition.

j. Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities, collectively financial instruments are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

value through profit or loss, which are measured initially at fair value. Classification and subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial instruments

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs.

For the purpose of subsequent measurement, financial assets, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through profit or loss (FVTPL);
- equity instruments at fair value through other comprehensive income (FVTOCI);
- debt instruments at fair value through other comprehensive income (FVTOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest income, other income and impairment of financial assets expense, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

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

Subsequent measurement of financial assets

i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instrument as well as long-term deposits. This category includes term deposits over 90 days.

ii) Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

amortised cost and FVTOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'), and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

At 30 June 2020, the Group assessed the fair value of certain financial assets to determine if there were any indicators of impairment present; no material indicators were noted, and therefore there was \$0 in impairment losses recognised (2019: \$0)

k. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

I. Leased Assets

As described in Note 2(b), the group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from 1 July 2019 – The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as a “contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The group assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest it is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

m. 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.

n. Income Tax

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.

o. Parent Entity Financial Information

The financial information for the Parent entity, Orange Sky, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

p. 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.

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.

q. 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.

r. Going Concern Basis of Preparation

The financial statements have been prepared on a going concern basis. At 30 June 2020 the entity holds cash or cash equivalents of \$4,089,295 (2019: \$2,344,288). 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 and 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 affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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.

Grant funding revenue recognition

The Group reports to the grant funding bodies the hours of services provided and the cost of services provided. Where funding is provided based on a certain number of service hours expected to be delivered, unexpended grant funds is determined based on the service hours not yet delivered. If, for the same services, the amount of unexpended grant funds was to be determined based on the difference between grant funds provided and the cost of services delivered, the amount of unexpended grant funds reported may be different.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the financial impacts that the COVID-19 pandemic has had. This consideration extends to the nature of the services offered, customers, staffing and geographic regions in which the Group operates. There does not currently appear to be either any significant financial impact upon the Company or any significant financial uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Revenue and Expenses

	2020	2019
	\$	\$
(a) Revenue		
Gross donations received	3,191,059	3,697,689
Sponsorships received	1,217,588	762,273
Grants received	1,743,453	1,291,350
Government subsidies	408,500	-
Other income	186,334	326,150
Revenue from continuing operations	<u>6,746,934</u>	<u>6,077,462</u>
(b) Expenses		
Employment expenses	3,420,555	3,169,570
Operating expenses	436,073	730,987
Depreciation expenses	697,037	611,148
Motor vehicle expenses	406,784	388,072
Travel & accommodation expenses	236,297	312,512
Rent & utilities expenses	9,703	160,165
Advertising & promotion expenses	52,937	111,778
Volunteer expenses	49,563	61,777
Operating expenses	<u>5,308,949</u>	<u>5,546,009</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2020

6. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash accounts	3,854,920	2,109,913
Term deposits	234,375	234,375
Cash and cash equivalents	<u>4,089,295</u>	<u>2,344,288</u>
Reconciliation of the operating surplus / (deficit) after tax to the net cash flows from operations		
Net surplus / (deficit)	1,360,861	597,701
Adjust for investing income		
Gain/(loss) on investments	122,522	(4,264)
	<u>122,522</u>	<u>(4,264)</u>
Adjust for non-cash items		
Depreciation and amortization	697,037	611,148
Other non-cash items	5,708	542
	<u>702,745</u>	<u>611,690</u>
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(207,256)	260,083
(Increase)/decrease in accrued income	(118,500)	-
(Increase)/decrease in prepayments	(43,422)	(11,559)
(Decrease)/increase in revenue received advance	686,605	(5,255)
(Decrease)/increase in trade and other creditors	90,980	(36,306)
(Decrease)/increase in accrued expenses	(2,069)	4,569
(Decrease)/increase in employee provisions	37,292	59,776
	<u>443,630</u>	<u>271,308</u>
	<u>2,629,758</u>	<u>1,476,435</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2020

7. Receivables and Contract Assets

(a) Accounts receivable and other debtors

	2020	2019
	\$	\$
Trade receivables	286,466	42,155
Goods and services tax receivable	-	4,402
Orange Sky United States	1,828	1,689
Refundable franking credits	8,747	7,835
Accounts receivable and other debtors	297,041	56,081
<i>Trade Receivables</i>		
<i>Days</i>		
<i>0-30 Current Terms</i>	279,300	25,031
<i>31-60 (Past due not impaired)</i>	11,000	14,730
<i>61-90 (Past due not impaired)</i>	-	1,146
<i>+91 (Past due not impaired)</i>	3,337	1,248
	293,637	42,155

Fair Value and Credit Risk

The Group makes uses of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to lifetime credit losses. In using the practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected losses using a provision matrix.

(b) Contract asset

	2020	2019
	\$	\$
Contract asset	121,765	-
Contract asset	121,765	-

8. Prepayments and Other Assets

	2020	2019
	\$	\$
Prepayments	85,356	41,979
Total prepayments and other assets	85,356	41,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2020

9. Investments

	2020	2019
	\$	\$
Equity instruments at fair value	1,096,544	945,455
Total investments	<u>1,096,544</u>	<u>945,455</u>

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

10. Fixed Assets

	2020	2019
	\$	\$
Plant & equipment	177,511	60,925
Less accumulated depreciation	(44,869)	(30,589)
	<u>132,642</u>	<u>30,336</u>
Motor vehicles	3,553,629	3,302,389
Less accumulated depreciation	(1,780,752)	(1,311,428)
	<u>1,772,877</u>	<u>1,990,961</u>
Office equipment & computers	143,644	121,939
Less accumulated depreciation	(121,178)	(85,364)
	<u>22,466</u>	<u>36,575</u>
Artwork	6,302	6,302
Right-of-Use Asset	183,840	-
Less accumulated depreciation	(122,560)	-
	<u>61,280</u>	<u>-</u>
	<u>1,995,567</u>	<u>2,064,174</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2020

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

	Right of Use Asset	Plant & Equipment	Motor Vehicles	Office Equipment & Computers	Artwork	Total
Opening Balance	-	30,336	1,931,767	36,543	6,302	2,004,948
Adoption of AASB16: Leases	183,840	-	-	-	-	183,840
Additions	-	140,094	856,104	23,287	-	1,019,485
Disposals	-	(23,508)	(499,502)	(577)	-	(523,587)
Depreciation	(122,560)	(14,280)	(515,492)	(36,787)	-	(689,119)
Closing Balance	61,280	132,641	1,772,877	22,466	6,302	1,995,567

11. Leases

Lease liabilities are presented in the statement of financial position as follows:

	2020	2019
	\$	\$
Current	62,047	-

The Group has a lease for its main office located at 17 Dover Street, Albion. The lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 10).

The lease imposes a restriction that the right-of-use asset can only be used by Orange Sky. The lease is non-cancellable and the building must be kept in a good state of repair and returned in its original condition at the end of the lease. Further, Orange Sky must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contract.

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Office building	1	6 months	6 months	0	0	0	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2020

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2020	62,500	-	-	-	-	-	62,500

12. Accounts Payables and other payables

a. Trade and other payables

	2020	2019
	\$	\$
Trade payables	40,093	34,654
Accrued expenses	2,500	4,569
Goods and services tax payable	120,080	-
Payroll liabilities	176,656	150,882
Credit cards	14,494	51,116
Accounts payable and other creditors	353,823	241,221

b. Contract liabilities

	2020	2019
	\$	\$
Revenue received in advance	952,306	267,907
Contract liabilities	952,306	267,907

13. Provision for Employee Entitlements

	2020	2019
	\$	\$
Provision for annual leave	175,612	164,121
Total provision for employee entitlements	175,612	164,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. Reserves

	2020	2019
	\$	\$
Foreign currency translation reserve	(6,995)	(5,873)
Total reserves	<u>(6,995)</u>	<u>(5,873)</u>

15. Retained Surplus

	2020	2019
	\$	\$
Opening balance	4,784,601	4,186,900
Surplus / (Loss) for the period	1,364,174	597,701
Closing balance	<u>6,148,775</u>	<u>4,784,601</u>

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.

16. 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
Andrew Fraser
Nicholas Miller
Paula Holden
Sommer Davies
Catherine O'Sullivan (retired 4 December 2019)
Lachlan Mitchell

(b) Key Management Personnel

Details relating to key management personnel, including remuneration paid, are included in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

(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.

17. Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the organization. The Company has identified five positions through the period and as at balance sheet date (2019: four positions) that meet this definition.

Key Management Personnel compensation during the year ended 30 June 2020 was:

	2020	2019
	\$	\$
Short-term employee benefits	724,258	698,692
Total Compensation	<u>724,258</u>	<u>698,692</u>

No non-executive director received any remuneration for the year (2019: Nil) in relation to services as a non-executive director of Orange Sky.

18. 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 recognized, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2020

The remaining contractual maturities of the Company's financial liabilities are:

	2020	2019
	\$	\$
6 – 12 months	412,370	673,249
Over 1 year	-	-
Total	1,481,741	673,249

19. Commitments & Contingencies

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

	2020	2019
	\$	\$
No later than twelve months	-	125,000
Between twelve months & five years	-	-
Total	-	125,000

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

a) Bank Guarantee

Orange Sky has a bank guarantee of \$34,375 (2019: \$34,375) as a deposit for the office lease at 31 Dover Street, Albion.

20. Subsidiaries

Interests in subsidiaries:

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

Name of Entity	Principal Activities	Equity Interest	
		30 June 2020	30 June 2019
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

21. 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:

	2020	2019
	\$	\$
<i>Assets</i>		
Current assets	4,550,373	2,477,357
Non-current assets	2,935,918	2,909,802
Total assets	<u>7,486,291</u>	<u>5,387,159</u>
<i>Liabilities</i>		
Current liabilities	1,427,692	609,039
Total liabilities	<u>1,427,692</u>	<u>609,039</u>
Net assets	<u>6,058,599</u>	<u>4,778,120</u>
<i>Equity</i>		
Retained surplus	6,058,599	4,778,120
Total equity	<u>6,058,599</u>	<u>4,778,120</u>
Income for the year	<u>1,280,479</u>	<u>591,088</u>
Total comprehensive income for the year	<u>1,280,479</u>	<u>591,088</u>

22. 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.

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 2020 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 2020 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



Andrew Fraser

Dated this 23rd day of October 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Orange Sky Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orange Sky Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Orange Sky Australia Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of 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 auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, 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 and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

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)

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.

Opinion

In our opinion:

- a) The financial report shows a true and fair view of the financial result of fundraising appeals conducted during the year ended 30 June 2020;
- b) The accounting and associated records have been properly kept during the year in accordance with *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fund raising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*;
- c) Money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the above mentioned Acts; and
- d) As at the date of this report, there are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they fall due.

BDO Audit Pty Ltd



R M Swaby

Director

Brisbane, 23 October 2020