PAYTON

FOUNDATION. CHANGING LIVES.

Payton Foundation
ABN 59 273 252 003

Annual report for the financial year ended 30 June 2022

Payton Foundation

Index to the financial report

Index to the financial report

Payton Foundation
ABN 59 273 252 003

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		$	$
Donation revenue	2	230,407	104,921
Other income	2	8	5
Donations expense	3	(198,651)	(71,676)
Audit fees	3	(3,250)	(3,000)
Bank charges	3	(1,265)	(479)
Operating surplus before income tax		27,249	29,771
Income tax expense		-	-
Operating surplus for the year		27,249	29,771
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value gains/(losses) on available-for-sale financial assets, net of tax	4	7,992	-
Total other comprehensive income for the year		7,992	-
Total comprehensive income for the year		35,241	29,771
Total comprehensive income attributable to owners of the entity		35,241	29,771

The accompanying notes form part of these financial statements.

Payton Foundation
ABN 59 273 252 003

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022	2021
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	57,992	31,304
Receivables	5	561	-
TOTAL CURRENT ASSETS		58,553	31,304
NON-CURRENT ASSETS			
Financial assets	4	12,992	5,000
TOTAL NON-CURRENT ASSETS		12,992	5,000
TOTAL ASSETS		71,545	36,304
LIABILITIES			
Accounts Payable	6	-	-
TOTAL LIABILITIES		-	-
NET ASSETS		71,545	36,304
EQUITY			
Retained earnings		108,553	81,304
Reserves		(37,008)	(45,000)
TOTAL EQUITY		71,545	36,304

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Note	Retained Earnings	Financial Assets Reserve	Total
		$	$	$
Balance at 30 June 2020		51,533	(45,000)	6,533
Operating surplus for the year		29,771		29,771
Other comprehensive income for the year:				
– net fair value losses on available-for-sale financial assets			-	–
Total other comprehensive income		-	-	-
Total comprehensive income attributable to owners of the entity for the year		29,771	-	29,771
Balance at 30 June 2021		81,304	(45,000)	36,304
Comprehensive income 2022				
Operating surplus/(loss) for the year		27,249		27,249
Other comprehensive income for the year:				
– net fair value losses on available-for-sale financial assets			7,992	7,992
Total other comprehensive income		-	7,992	7,992
Total comprehensive income attributable to owners of the entity for the year		27,249	7,992	35,241
Balance at 30 June 2022		108,553	(37,008)	71,545

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from donors		229,856	104,921
Interest received		9	5
GST Refunds		-	300
Payments to deductible gift recipients		(198,651)	(71,676)
Payments to suppliers		(4,526)	(6,779)
Net cash generated from operating activities		26,688	26,771
Net increase in cash held		26,688	26,771
Cash and cash equivalents at beginning of financial year		31,304	4,533
Cash and cash equivalents at end of financial year	4	57,992	31,304

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Payton Foundation (a Public Ancillary Fund), applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The Fund is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 10th September 2022 by the directors of the Trustee of Payton Foundation.

Accounting Policies

a. **Revenue**

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

b. **Financial Instruments**

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

– amortised cost; or
– fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

– a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

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

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk to other comprehensive income enlarges or creates an accounting mismatch, these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

– it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

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

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

– the right to receive cash flows from the asset has expired or been transferred;

– all risk and rewards of ownership of the asset have been substantially transferred; and

– the Entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

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

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

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

Impairment

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

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (eg amount due from customers under contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

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

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

– the general approach;

– the simplified approach;

– the purchased or originated credit-impaired approach; and

– low credit risk operational simplification.

General approach

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

– if the credit risk of the financial instrument has increased significantly since initial recognition, the Entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

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

Simplified approach

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

This approach is applicable to:

– trade receivables; and

– lease receivables.

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

Purchased or originated credit-impaired approach

For a financial assets that are considered to be credit-impaired (not on acquisition or originations), the Entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

– significant financial difficulty of the issuer or borrower;

– a breach of contract (eg default or past due event);

– where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;

– the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and

– the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

– there is a low risk of default by the borrower;

– the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and

– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

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

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

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

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

c. **Impairment of Assets**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

d. **Cash and Cash Equivalents**

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

e. **Goods and Services Tax (GST)**

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

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

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

f. **Income Tax**

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

g. **Critical Accounting Estimates and Judgements**

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

Key estimates

(i) *Available-for-sale investments*

The entity holds an unlisted investment in iCrypto Index Fund Pty Ltd, valuation at the end of the reporting period has been estimated, by directors, based on the underlying crypto-currency investment market at that time.

h. **Economic Dependence**

Payton Foundation is dependent on Payton Foundation Limited, acting in it's own capacity as a not-for-profit entity for administration services. At the date of this report, the Directors have no reason to believe the entity will not continue to support Payton Foundation.

i. **Fair Value of Assets and Liabilities**

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

j. **New Accounting Standards for Application in Future Periods**

The directors have assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2019, and determine there to be no effect on the current year financial statements.

NOTE 2: REVENUE AND OTHER INCOME

	2022	2021
	$	**$**
Revenue		
– Donations	230,407	104,921
Total revenue	230,407	104,921
Other income		
– interest received on financial assets not at fair value through profit or loss	8	5
Total other income	8	5
Total revenue and other income	230,415	104,926

NOTE 3: PROFIT FOR THE YEAR

	2022	2021
	$	**$**
Expenses		
Donations to deductible gift recipients: -		
- Fusion Community Care	40,650	12,800
- Watoto Australia Trust	3,416	7,300
- The Babes Project Australia Ltd	29,770	6,960
- Zoe Foundation Australia Ltd	67,835	37,400
- Children's Ground	6,000	-
- Christians Helping in Primary Schools Inc	15,010	-
- Kids Hope	-	4,500
- Southern Peninsula Community Support	6,150	466
- HANZA Inc (Homeshare)	2,000	1,250
- Bridge It	27,300	-
- Chain Reaction Challenge Foundation	520	1,000
Bank charges / merchant fees	1,265	479
Audit Fees	3,250	3,000
	203,166	75,155

NOTE 4: CASH AND CASH EQUIVALENTS

	2022	2021
	$	**$**
CURRENT		
Cash at bank	56,039	31,304
Stripe account	1,953	-
	57,992	31,304

	Note	2022	2021
		$	$
NON-CURRENT			
Available-for-sale financial assets	11	12,992	5,000

		Note	2022	2021
a.	**Available-for-sale financial assets**			
	Investment in iCrypto Index Fund Pty Ltd at fair value:			
	Opening balance		5,000	5,000
	Donation of investment		-	-
	Fair value remeasurement gains/(losses)		7,992	-
	Balance at the end of the year	11	12,992	5,000

Available-for-sale financial assets comprise investments in "B" class shares and deposit notes in an unlisted entity, iCrypto Index Fund Pty Ltd. Deposit notes were converted to additional "B" class shares on the 31st December 2018

NOTE 5: RECEIVABLES

	2022	2021
	$	$
CURRENT		
GST refundable	11	-
Donation portal (Keela) receivables	550	-
	561	-

NOTE 6: TRADE & OTHER PAYABLES

	2022	2021
	$	$
CURRENT		
Trade payables	-	-
	-	-

NOTE 7: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 8: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel (KMP).

No remuneration was paid to KMP of the entity during the year.

NOTE 9: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year Payton Foundation Limited was the Trustee for Payton Foundation, Payton Foundation Limited also acted in its own right as a not-for-profit registered charity. It provided administration services at no cost to Payton Foundation.

During the year donations were received from the following related parties:

		2022	2021
		$	$
-	Directors of Payton Foundation Limited	80,441	61,405
-	The trustee: Payton Foundation Limited	-	1,000
-	Related Entity of the Directors of Payton Foundation Limited	11,986	1,300
-	TOTAL	92,427	63,705

NOTE 10: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022	2021
		$	$
Financial assets			
Cash and cash equivalents	4	57,992	31,304
Receivables	5	561	-
Available-for-sale financial assets	4a, 11	12,992	5,000
Total financial assets		71,545	36,304
Financial liabilities			
Trade payables	6	-	-
Total financial liabilities		-	-

Refer to Note 11 for detailed disclosures regarding the fair value measurement of the company's financial assets.

NOTE 11: FAIR VALUE MEASUREMENTS

The entity has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	Note	2022	2021
Recurring fair value measurements		**$**	**$**
Financial assets			
Available-for-sale financial assets:			
– Investment in iCrypto Index Fund Pty Ltd	4a	12,992	5,000
		12,992	5,000

(i) The investment value in iCrypto Index Fund Pty Ltd has been estimated, by directors, based on the underlying crypto-currency investment market at the end of the reporting period.

NOTE 12: RESERVES

a. **Financial Assets Reserve**

The financial assets reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets classified as available-for-sale.

NOTE 13: ENTITY DETAILS

The registered office of the entity is

Suite 2, Level 27, 60 City Road
Southbank, VIC 3006
Australia

The principal place of business is:

Suite 2, Level 27, 60 City Road
Southbank, VIC 3006
Australia

DIRECTORS' DECLARATION

The directors of the Trustee for Payton Foundation declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 1 to 15 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
    a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
    b. give a true and fair view of the financial position of the registered entity as at 30 June 2022 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Mr David Payton - Director
Director of Payton Foundation Limited the Trustee for Payton Foundation

Mr Jason Pater - Director
Director of Payton Foundation Limited the Trustee for Payton Foundation

Date:

Auditor’s Independence Declaration to the Directors of the Trustee of Payton Foundation

In relation to our audit of the financial report of Payton Foundation for the financial year ended 30 June 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

John Vincent Anderson
Anderson & Associates
29th November 2022
Suite 102, 17 Heatherdale Road
RINGWOOD, VIC 3134

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Independent auditor's report to the members of Payton Foundation

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Payton Foundation, which comprises the Statement of Financial Position as at 30 June 2022, and Statement of Profit or Loss, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors of the Trustee declaration.

In our opinion, the accompanying financial report of Payton Foundation has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012,* including;

a. Giving a true and fair view of the registered entity's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

b. complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-Profits Commission 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 registered entity 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Trustee's for the Financial Report

The directors of the trustee of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the ACNC Act and the needs of the members. The directors responsibility also includes such internal control as they determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the trustee are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they either intend to liquidate the entity or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the trustee.

- Conclude on the appropriateness of the directors of the trustee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Scope
We have conducted tests in accordance with the Australian Auditing Standards as necessary to provide reasonable assurance as to whether the directors of the trustee of the Payton Foundation have complied, in all material respects, with the relevant requirements of the provisions (to the extent applicable) of the Public Ancillary Fund Guidelines 2011 for the year ended 30 June 2022.

Our procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the Public Ancillary Fund Guidelines 2011. The directors of the trustee are responsible for ensuring compliance with the requirements of the Public Ancillary Fund Guidelines 2011.

The opinion on compliance expressed in this report has been formed on the above basis.

Audit Opinion
In our opinion the directors of the trustee of the Payton Foundation have implemented procedures to ensure that the foundation complies, in all material respects, by the required transition date, with the requirements of the Public Ancillary Fund Guidelines 2011 specified above for the year ended 30 June 2022.

John Vincent Anderson
Anderson & Associates
29th November 2022
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