

**Audit/Review reports required by the Australian Charities and Not-for-profits Commission for the 2016 financial reporting period**

**Unmodified opinion**

#	Year Ending	Type of Financial Report	Type of Assurance Report	Relevant Standards
1	December 2016 onwards	GPFR - large	Audit	ASA 700 (fair presentation)
2	December 2016 onwards	SPFR - large	Audit	ASA 800 (fair presentation)
3	December 2016 onwards	GPFR – large group	Audit	ASA 700 (fair presentation)

**Modified opinion and/or deficiency/ or unmodified opinion and going concern**

#	Year Ending	Type of Financial Report	Type of Assurance Report	Relevant Standards
4	December 2016 onwards	SPFR – large	Audit <ul style="list-style-type: none"> <li>• modified audit opinion – limitation of scope</li> <li>• no deficiencies identified under Division of 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i></li> </ul>	ASA 800/ ASA 705
5	December 2016 onwards	GPFR – large	Audit <ul style="list-style-type: none"> <li>• unmodified audit opinion</li> <li>• deficiency identified under Division of 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i></li> </ul>	ASA 700
6	December 2016 onwards	SPFR – large	Audit <ul style="list-style-type: none"> <li>• unmodified audit opinion</li> <li>• going concern - material uncertainty exists, adequate disclosures</li> </ul>	ASA 800/ ASA 570

**Note:** Standards on Review Engagements, ASRE 2415 have not been changed to the new reporting format. For review templates, refer to the ACNC website.

## Appendix 1

### Examples of Auditors' Report for Australian Charities and Not-for-profits Commission financial reporting requirements

**Example 1:** An auditor's report on general purpose financial report prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users for a large registered entity. This report can be used for an auditor whose opinion on the financial report is unmodified. It meets the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) including where there are no other reportable matters under section 60-45(3)(b) of the ACNC Act.

**Example 2:** An auditor's report on special purpose financial report prepared in accordance with a fair presentation framework by a non-reporting entity, including in compliance with Division 60 (in particular section 60.30) of the *Australian Charities and Not-for-profits Commission Regulation 2013* for a large registered entity. This report can be used for an auditor whose opinion on the financial report is unmodified. It meets the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) including where there are no other reportable matters under section 60-45(3)(b) of the ACNC Act.

**Example 3:** An auditor's report on general purpose financial report prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users for a large registered entity and its subsidiaries (the Group). This report can be used for an auditor who is providing an opinion on the consolidated financial position and financial results in the primary financial statements, and whose opinion on the financial report is unmodified. It meets the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) including where there are no other reportable matters under section 60-45(3)(b) of the ACNC Act.

**Example 4:** An auditor's report containing a modified opinion on special purpose financial report prepared in accordance with a fair presentation framework by a non-reporting entity, including in compliance with Division 60 (in particular section 60.30) of the *Australian Charities and Not-for-profits Commission Regulation 2013* for a large registered entity. The auditor was unable to obtain sufficient appropriate audit evidence regarding the cash donations due to the impracticability to establish control over the collection of cash. A modified opinion is expressed on the audited financial report. It otherwise meets the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) including where there are no other reportable matters under section 60-45(3)(b) of the ACNC Act.

**Example 5:** An auditor's report on general purpose financial report prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users for a large registered entity. This report can be used for an auditor whose opinion on the financial report is unmodified but has determined other reportable matters under section 60-45(3)(b) of the *Australian Charities and Not-for-profits*

*Commission Act 2012* (ACNC Act) relating to a failure to keep other records as required by section 55-5 of the ACNC Act. It otherwise meets the requirements of the ACNC Act.

**Example 6:** An auditor's report on special purpose financial report prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users for a large registered entity. This report can be used for an auditor whose opinion on the financial report is unmodified but has determined that there a material uncertainty exist related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. The disclosure of the material uncertainty in the financial report is adequate.

## *Australian Charities and Not-for-profits Commission Act 2012*

### **Example 1: Auditor's Report General Purpose Financial Report – Unmodified Opinion (Fair Presentation Framework)**

Circumstances include the following:

- **Relates years ending after 15 December 2016 onwards.**
- **The registered entity is a single entity and is considered to be “large” (annual revenue of \$1 million or more). The audit is not a group audit (i.e. ASA 600 does not apply).**
- **The registered entity is a reporting entity and its general purpose financial report is prepared by the responsible entities in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation).**
- **The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern in accordance with ASA 570.**
- **The auditor is not required to communicate key audit matters in accordance with ASA 701.**
- **The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement in relation to the other information (i.e. the director's report included in the annual report).**
- **The financial report is audited by the auditor in accordance with Australian Auditing Standards.**

#### INDEPENDENT AUDITOR'S REPORT

To the Members of ABC Entity [or Other Appropriate Addressee]

#### **Report on the Audit of the Financial Report<sup>1</sup>**

#### **Opinion**

We [I]<sup>2</sup> have audited the financial report of [name of registered entity], which comprises the statement of financial position as at 30 June 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities'<sup>3</sup> declaration.

In our [my] opinion the financial report of [name of registered entity] 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 20XX and of its financial performance for the year [period] then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

1 The sub-title “Report on the Audit of the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements”, or other appropriate sub-title, is not applicable

2 When an individual is taken to be a registered company auditor under section 60-30(1) (a) of the ACNC Act, the auditor's report is to be written in singular form.

3 The term “responsible entities” could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee – see section 205-30 of the ACNC Act.

## **Basis for Opinion**

We [I] conducted our [my] audit in accordance with Australian Auditing Standards. Our [My] responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our [my] report. We [I] are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. We [I] have also fulfilled our [my] other ethical responsibilities in accordance with the Code.

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

## **Other Information [or another title if appropriate such as "Information Other than the Financial Report and Auditor's Report Thereon"]**

*[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]*

The responsible entities are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 20X1, but does not include the financial report and our [my] auditor's report thereon.

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

In connection with our [my] audit of the financial report, our [my] 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 [my] knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **Responsibilities of Responsible Entities for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act,<sup>4</sup> 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 registered entity'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 registered entity or to cease operations, or has no realistic alternative but to do so.

The responsible entities are responsible for overseeing the registered entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our [My] objectives are to obtain reasonable assurance about whether the financial report<sup>5</sup> as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our [my] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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4 Where responsible entities responsibility is to prepare a financial report that gives a true and fair view, this may read: "Responsible entities are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such ..."

5 Section 60-45(1),(2) and (3)(a) of the ACNC Act requires the auditor to include details if the financial report has not been prepared in accordance with Division 60 of the ACNC Act. Under these sections, the auditor is required to explain why and where possible, quantify the effect of this non-compliance on the financial report. If such quantification is not possible, the auditor is to explain why. The auditor is also required to describe any material defect or irregularity in the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we [I] exercise professional judgement and maintain professional scepticism throughout the audit. We [I] also:<sup>6</sup>

- 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 [my] 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 responsible entities.
- Conclude on the appropriateness of the responsible entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we [I] conclude that a material uncertainty exists, we [I] are required to draw attention in our [my] auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our [My] 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 [I] communicate with the responsible entities 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 [I] identify during our [my] audit.

#### **[Report on Other Legal and Regulatory Requirements]**

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities. Particular attention should be paid to the auditor's reporting responsibility under section 60-45(3)(b) of the ACNC Act. Where matters are to be reported, example Auditor's Report 5 provides guidance.]

[Auditor's signature]<sup>7</sup>

[Date of the auditor's report]<sup>8</sup>

[Auditor's address]

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6 Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities listed. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1).

7 The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate.

8 The date of the auditor's report is the date the auditor signs the report.

***Australian Charities and Not-for-profits Commission Act 2012***  
**Example 2: Auditor's Report**  
**Special Purpose Financial Report – Unmodified Opinion**  
**(Fair Presentation Framework)**

Circumstances include the following:

- **Relates to years ending after 15 December 2016 onwards.**
- **The registered entity is a single entity and is considered to be “large” (annual revenue of \$1 million or more).**
- **The registered entity is a non-reporting entity.**
- **The registered entity has elected to prepare a special purpose financial report.**
- **The financial report is prepared by the responsible entities in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and *Division 60* (and in particular section 60.30) of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation).**
- **The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern in accordance with ASA 570.**
- **The financial report is audited by the auditor in accordance with Australian Auditing Standards.**
- **Distribution or use of the auditor's report is not restricted.**
- **The auditor is not required, to communicate key audit matters in accordance with ASA 701.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate addressee]

**Report on the Audit of the Financial Report<sup>9</sup>**

We [I]<sup>10</sup> have audited the financial report of [name of registered entity], which comprises the statement of financial position as at 30 June 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities'<sup>11</sup> declaration.

In our [my] opinion the financial report of [name of registered entity] 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 20XX and of its financial performance for the year [period] then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note X, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

**Basis for opinion**

<sup>9</sup> The sub-title “Report on the Audit of the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements”, or other appropriate sub-title, is not applicable

<sup>10</sup> When an individual is taken to be a registered company auditor under section 60-30(1) (a) of the ACNC Act, the auditor's report is to be written in singular form.

<sup>11</sup> The term “responsible entities” could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee – see section 205-30 of the ACNC Act.

We [I] conducted our [my] audit in accordance with Australian Auditing Standards. Our [My] responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our [my] report. We [I] are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. We [I] have also fulfilled our [my] other ethical responsibilities in accordance with the Code.

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

### **Emphasis of Matter - Basis of Accounting**

We [I] draw attention to Note X to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our [My] opinion is not modified in respect of this matter.

### **Responsibility of the Responsible Entities for the Financial Report**

The responsible entities 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 X to the financial report is appropriate to meet the requirements of the ACNC Act [and the needs of the members [or other appropriate terms]]. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities 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 the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

The responsible entities are responsible for overseeing the registered entity's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our [My] objectives are to obtain reasonable assurance about whether the financial report<sup>12</sup> as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our [my] 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we [I] exercise professional judgement and maintain professional scepticism throughout the audit.<sup>13</sup> We [I] 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 [my] 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.

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12 Section 60-45(1),(2) and (3)(a) of the ACNC Act requires the auditor to include details if the financial report has not been prepared in accordance with Division 60 of the ACNC Act. Under these sections, the auditor is required to explain why and where possible, quantify the effect of this non-compliance on the financial report. If such quantification is not possible, the auditor is to explain why. The auditor is also required to describe any material defect or irregularity in the financial report.

13 Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities listed. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1).

- 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.<sup>14</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' 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 [I] conclude that a material uncertainty exists, we [I] are required to draw attention in our [my] auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our [my] opinion. Our [My] conclusions are based on the audit evidence obtained up to the date of our [my] 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 [I] communicate with responsible entities 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 [I] identify during our [my] audit.

#### **[Report on Other Legal and Regulatory Requirements]**

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities. Particular attention should be paid to the auditor's reporting responsibility under section 60-45(3)(b) of the ACNC Act. Where matters are to be reported, example Auditor's Report 5 provides guidance.]

[Auditor's signature]<sup>15</sup>

[Date of the auditor's report]<sup>16</sup>

[Auditor's address]

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<sup>14</sup> This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial report.

<sup>15</sup> The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.

<sup>16</sup> The date of the auditor's report is the date the auditor signs the report.

*Australian Charities and Not-for-profits Commission Act 2012*

**Example 3: Auditor's Report  
General Purpose Financial Report – Group entity Unmodified Opinion  
(Fair Presentation Framework)**

Circumstances include the following:

- **Relates to years ending after 15 December 2016 onwards.**
- **Audit of the financial report of a registered entity and its subsidiaries (the Group). The audit is a group audit (i.e. ASA 600 applies).**
- **The financial report is prepared by the responsible entities of the registered entity in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation). The responsible entities have elected to report only the consolidated financial position and financial results in the primary financial statement.**
- **The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern in accordance with ASA 570.**
- **The auditor is not required, to communicate key audit matters in accordance with ASA 701.**
- **The financial report is audited by the auditor in accordance with Australian Auditing Standards.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

**Report on the Audit of the Financial Report<sup>17</sup>**

**Opinion**

We [I]<sup>18</sup> have audited the financial report of [name of registered entity], (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 20XX, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities'<sup>19</sup> declaration.

In our [my] opinion the financial report of [name of registered entity] has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (c) giving a true and fair view of the Group's financial position as at 30 June 20XX and of its financial performance for the year [period] then ended; and
- (d) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

<sup>17</sup> The sub-title "Report on the Audit of the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable

<sup>18</sup> When an individual is taken to be a registered company auditor under section 60-30(1) (a) of the ACNC Act, the auditor's report is to be written in singular form.

<sup>19</sup> The term "responsible entities" could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee – see section 205-30 of the ACNC Act.

## Basis for Opinion

We [I] conducted our [my] audit in accordance with Australian Auditing Standards. Our [My] responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our [my] report. We [I] are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. We [I] have also fulfilled our [my] other ethical responsibilities in accordance with the Code.

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

## Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act,<sup>20</sup> 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, the 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.

Responsible entities are responsible for overseeing the registered entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

Our [My] objectives are to obtain reasonable assurance about whether the financial report<sup>21</sup> as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our [my] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we [I] exercise professional judgement and maintain professional scepticism throughout the audit.<sup>22</sup> We [I] 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 [my] 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.<sup>23</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.

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20 Where responsible entities's responsibility is to prepare a financial report that gives a true and fair view, this may read: "Responsible entities are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such ..."

21 Section 60-45(1),(2) and (3)(a) of the ACNC Act requires the auditor to include details if the financial report has not been prepared in accordance with Division 60 of the ACNC Act. Under these sections, the auditor is required to explain why and where possible, quantify the effect of this non-compliance on the financial report. If such quantification is not possible, the auditor is to explain why. The auditor is also required to describe any material defect or irregularity in the financial report.

22 Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities listed. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

23 This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial report.

- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we [I] conclude that a material uncertainty exists, we [I] are required to draw attention in our [my] auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our [my] opinion. Our [My] conclusions are based on the audit evidence obtained up to the date of our [my] auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We [I] are responsible for the direction, supervision and performance of the Group audit. We [I] remain solely responsible for our [my] audit opinion.

We [I] communicate with responsible entities 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 [I] identify during our [my] audit.

#### **[Report on Other Legal and Regulatory Requirements]**

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities. Particular attention should be paid to the auditor's reporting responsibility under section 60-45(3)(b) of the ACNC Act. Where matters are to be reported, example Auditor's Report 5 provides guidance.]

[Auditor's signature]<sup>24</sup>

[Date of the auditor's report]<sup>25</sup>

[Auditor's address]

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<sup>24</sup> The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate.

<sup>25</sup> The date of the auditor's report is the date the auditor signs the report.

***Australian Charities and Not-for-profits Commission Act 2012***  
**Example 4: Auditor’s Report**  
**Special Purpose Financial Report – Qualified Opinion (Limitation of Scope)**  
**(Fair Presentation Framework)**

Circumstances include the following:

- **Relates to years ending after 15 December 2016 onwards.**
- **The registered entity is a single entity and is considered to be “large” (annual revenue of \$1 million or more).**
- **The registered entity is a non-reporting entity.**
- **The registered entity has elected to prepare a special purpose financial report.**
- **The financial report has been prepared by the responsible entities of the registered entity in accordance with the *Australian Charities and Not-for-profits Commission 2012* (ACNC Act) and Division 60 (and in particular section 60.30) of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation).**
- **The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants*.**
- **The auditor was unable to obtain sufficient appropriate audit evidence regarding the completeness of cash donations due to the impracticability to establish control over the collection of cash donations.**
- **The financial report is audited by the auditor in accordance with Australian Auditing Standards.**
- **The auditor is not required, to communicate key audit matters in accordance with ASA 701.**
- **Distribution or use of the auditor’s report is not restricted.**

**INDEPENDENT AUDITOR’S REPORT**

[Appropriate addressee]

**Report on the Audit of the Financial Report<sup>26</sup>**

**Qualified Opinion**

We [I]<sup>27</sup> have audited the financial report of [name of registered entity], which comprises the statement of financial position as at 30 June 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities’<sup>28</sup> declaration.

In our [my] opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our [my] report, the accompanying financial report of [name of registered entity] is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity’s financial position as at 30 June 20XX and of its financial performance for the year [period] ended; and

<sup>26</sup> The sub-title “Report on the Audit of the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements”, or other appropriate sub-title, is not applicable.

<sup>27</sup> When an individual is taken to be a registered company auditor under section 60-30 (1) (a) of the ACNC Act, the auditor’s report is to be written in singular form.

<sup>28</sup> The term “responsible entities” could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee – see section 205-30 of the ACNC Act.

- (b) complying with Australian Accounting Standards to the extent described in Note X, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **Basis of Qualified Opinion**

Cash donations are a significant source of fundraising revenue for [name of registered entity]. The [name of registered entity] has determined that it is impracticable to establish control over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us [me] regarding fundraising revenue from this source was limited, our [my] audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We [I] therefore are unable to express an opinion on whether the recorded cash donations of [name of registered entity] are complete.

We [I] conducted our [my] audit in accordance with Australian Auditing Standards. Our [My] responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our [my] report. We [I] are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. We [I] have also fulfilled our [my] other ethical responsibilities in accordance with the Code.

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

### **Emphasis of Matter - Basis of Accounting**

We [I] draw attention to Note X to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our [My] opinion is not modified in respect of this matter.

### **Responsibility of the Responsible Entities for the Financial Report**

The responsible entities 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 X to the financial report is appropriate to meet the requirements of the ACNC Act [and the needs of the members [or other appropriate terms]]. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the r 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 the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our [My] objectives are to obtain reasonable assurance about whether the financial report<sup>29</sup> as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our my 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we [I] exercise professional judgement and maintain professional scepticism throughout the audit.<sup>30</sup> We [I] also:

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29 Section 60-45(1),(2) and (3)(a) of the ACNC Act requires the auditor to include details if the financial report has not been prepared in accordance with Division 60 of the ACNC Act. Under these sections, the auditor is required to explain why and where possible, quantify the effect of this non-compliance on the financial report. If such quantification is not possible, the auditor is to explain why. The auditor is also required to describe any material defect or irregularity in the financial report.

30 Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities listed. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

- 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 my 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.<sup>31</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities 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 [I] conclude that a material uncertainty exists, we [I] are required to draw attention in our [my] auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our [my] opinion. Our [My] conclusions are based on the audit evidence obtained up to the date of our [my] 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 [I] communicate with responsible entities 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 [I] identify during our [my] audit.

#### **[Report on Other Legal and Regulatory Requirements]**

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities. Particular attention should be paid to the auditor's reporting responsibilities under section 60-45(3) (b) of the ACNC Act. Where matters are to be reported, example Auditor's report 5 provides guidance.]

[Auditor's signature]<sup>32</sup>

[Date of the auditor's report]<sup>33</sup>

[Auditor's address]

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31 This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial report.

32 The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.

33 The date of the auditor's report is the date the auditor signs the report.

**Australian Charities and Not-for-profits Commission Act 2012**  
**Example 5: Auditor’s Report**  
**General Purpose Financial Report – Unmodified Opinion**  
**(Fair Presentation Framework)**

Circumstances include the following:

- **Relates to years ending after 15 December 2016 onwards.**
- **The registered entity is a single entity and is considered to be “large” (annual revenue of \$1 million or more).**
- **The registered entity is a reporting entity and its general purpose financial report has been prepared by the responsible entities in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission 2012 (ACNC Act)* and *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation)*.**
- **The auditor has reported a deficiency identified under section 60-45(3) of the ACNC Act.**
- **The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants*.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern in accordance with ASA 570.**
- **The auditor has no other reporting responsibilities.**
- **The financial report is audited by the auditor in accordance with Australian Auditing Standards.**

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

**Report on the Audit of the Financial Report<sup>34</sup>**

**Opinion**

We [I]<sup>35</sup> have audited the accompanying financial report of [name of registered entity], which comprises the statement of financial position as at 30 June 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities’<sup>36</sup> declaration.

In our [my] opinion the financial report of [name of registered entity] has been prepared in accordance with Division 60 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 20XX and of its financial performance for the year [period] then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

<sup>34</sup> The sub-title “Report on the Audit of the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements”, or other appropriate sub-title, is not applicable.

<sup>35</sup> When an individual is taken to be a registered company auditor under section 60-30 (1) (a) of the ACNC Act, the auditor’s report is to be written in singular form.

<sup>36</sup> The term “responsible entities” could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee – see section 205-30 of the ACNC Act.

## **Basis for Opinion**

We [I] conducted our [my] audit in accordance with Australian Auditing Standards. Our [My] responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our [my] report. We [I] are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. We [I] have also fulfilled our [my] other ethical responsibilities in accordance with the Code.

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

## **Responsibilities of Responsible Entities for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act,<sup>37</sup> 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, the responsible entities are responsible for assessing the registered entity'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 registered entity or to cease operations, or has no realistic alternative but to do so.

Responsible entities are responsible for overseeing the responsible entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our [My] objectives are to obtain reasonable assurance about whether the financial report<sup>38</sup> as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our [my] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we [I] exercise professional judgement and maintain professional scepticism throughout the audit.<sup>39</sup> We [I] 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 [my] 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.<sup>40</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

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37 Where responsible entities responsibility is to prepare a financial report that gives a true and fair view, this may read: "Responsible entities are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such ..."

38 Section 60-45(1),(2) and (3)(a) of the ACNC Act requires the auditor to include details if the financial report has not been prepared in accordance with Division 60 of the ACNC Act. Under these sections, the auditor is required to explain why and where possible, quantify the effect of this non-compliance on the financial report. If such quantification is not possible, the auditor is to explain why. The auditor is also required to describe any material defect or irregularity in the financial report.

39 Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities listed. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

40 This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial report.

- Conclude on the appropriateness of the responsible entities' 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 [I] conclude that a material uncertainty exists, we [I] are required to draw attention in our [my] auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our [my] opinion. Our [My] conclusions are based on the audit evidence obtained up to the date of our [my] 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 [I] communicate with responsible entities 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 [I] identify during our [my] audit.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of section 60-45(3) (b) of the ACNC Act, we [I] are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 60-30(3)(b), (c) or (d) of the ACNC Act.

Our [My] opinion on the financial report is not modified in respect of the following matter(s) because, in our [my] opinion, it [they] has [have] been appropriately addressed by [name of registered entity] and is [are] not considered material in the context of the audit of the financial report as a whole<sup>41</sup>:

[Example:

- a) Name of registered entity] failed to keep [name of other record] as required by section 55-5 of the ACNC Act for the period 1 December 2015 to 6 December 2016 inclusive.]

[Auditor's signature]<sup>42</sup>

[Date of the auditor's report]<sup>43</sup>

[Auditor's address]

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41 Provide appropriate details of all instances of a deficiency, failure or shortcoming in respect of the matters mentioned in paragraph 60-30(3)(b), (c), or (d) of the ACNC Act by [name of registered entity] including all those reported to the ACNC by [name of registered entity].

42 The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the registered company auditor, as appropriate.

43 The date of the auditor's report is the date the auditor signs the report.

*Australian Charities and Not-for-profits Commission Act 2012*

**Example 6: Auditor's Report**

**Special Purpose Financial Report – Unmodified Opinion, material uncertainty  
(Fair Presentation Framework)**

Circumstances include the following:

- **Relates to years ending after 15 December 2016 onwards.**
- **The registered entity is a single entity and is considered to be “large” (annual revenue of \$1 million or more). The audit is not a group audit (i.e. ASA 600 does not apply).**
- **The registered entity is a non-reporting entity.**
- **The registered entity has elected to prepare a special purpose financial report.**
- **The financial report is prepared by the responsible entities in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and Division 60 (and in particular section 60.30) of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation).**
- **The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does exist related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. The disclosure of the material uncertainty in the financial report is adequate.**
- **The financial report is audited by the auditor in accordance with Australian Auditing Standards.**
- **The auditor is not required, to communicate key audit matters in accordance with ASA 701.**
- **Distribution or use of the auditor's report is not restricted.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate addressee]

**Report on the Audit of the Financial Report<sup>44</sup>**

**Opinion**

We [I]<sup>45</sup> have audited the financial report of [name of registered entity], which comprises the statement of financial position as at 30 June 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year [period] then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities'<sup>46</sup> declaration.

In our [my] opinion the financial report of [name of registered entity], is in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (c) giving a true and fair view of the registered entity's financial position as at 30 June 20XX and of its financial performance for the year [period] then ended; and

44 The sub-title “Report on the Audit of the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements”, or other appropriate sub-title, is not applicable

45 When an individual is taken to be a registered company auditor under section 60-30(1) (a) of the ACNC Act, the auditor's report is to be written in singular form.

46 The term “responsible entities” could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee – see section 205-30 of the ACNC Act.

- (d) complying with Australian Accounting Standards to the extent described in Note X, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **Basis for opinion**

We [I] conducted our [my] audit in accordance with Australian Auditing Standards. Our [My] responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our [my] report. We [I] are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. We [I] have also fulfilled our [my] other ethical responsibilities in accordance with the Code.

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

### **Material Uncertainty Related to Going Concern**

We [I] draw attention to Note X in the financial report, which indicates that the registered entity incurred a net loss of xxx during the year ended 30 June 20XX and, as of that date, the registered entity's current liabilities exceeded its total assets by XXX. As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the registered entity's ability to continue as a going concern. Our [My] opinion is not modified in respect of this matter.

### **Emphasis of Matter - Basis of Accounting**

We [I] draw attention to Note X to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the responsible entities' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our [My] opinion is not modified in respect of this matter.

### **Responsibility of the Responsible Entities for the Financial Report**

The responsible entities 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 X to the financial report is appropriate to meet the requirements of the ACNC Act [and the needs of the members [or other appropriate terms]]. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our [My] objectives are to obtain reasonable assurance about whether the financial report<sup>47</sup> as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our [my] 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 the financial report.

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<sup>47</sup> Section 60-45(1),(2) and (3)(a) of the ACNC Act requires the auditor to include details if the financial report has not been prepared in accordance with Division 60 of the ACNC Act. Under these sections, the auditor is required to explain why and where possible, quantify the effect of this non-compliance on the financial report. If such quantification is not possible, the auditor is to explain why. The auditor is also required to describe any material defect or irregularity in the financial report.

As part of an audit in accordance with Australian Auditing Standards, we [I] exercise professional judgement and maintain professional scepticism throughout the audit.<sup>48</sup> We [I] 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 [my] 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.<sup>49</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 [I] conclude that a material uncertainty exists, we [I] are required to draw attention in our [my] auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our [my] opinion. Our [My] conclusions are based on the audit evidence obtained up to the date of our [my] 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 [I] communicate with the responsible entities 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 [I] identify during our [my] audit.

### **[Report on Other Legal and Regulatory Requirements]**

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities. Particular attention should be paid to the auditor's reporting responsibility under section 60-45(3) (b) of the ACNC Act. Where matters are to be reported, example Auditor's Report 5 provides guidance.]

[Auditor's signature]<sup>50</sup>

[Date of the auditor's report]<sup>51</sup>

[Auditor's address]

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48 Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities listed. When the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

49 This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial report.

50 The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.

51 The date of the auditor's report is the date the auditor signs the report.