

Sunrise Children's Association Incorporated (SCAI) Australia Annual Report 2009-10



“Bringing a brighter future to the needy children of Nepal”



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President's Statement

The 2009-10 financial year has been an outstanding one for SCAI but when I look back over our entire history I believe the same holds true. Our success has come through a shared vision and co-creation by our teams in Australia and in Nepal, and tremendous generosity from all of you, our supporters.

SCAI was established in July 2005 and our main project, Sunrise Orphanage, also opened in July of that year. We began with 9 children at Sunrise Orphanage. In this financial year, we provided a home to 77 children. It is hard to believe that both SCAI and Sunrise Orphanage are now five years old!

Over the past 5 years we have facilitated the establishment of various education scholarship programs and training centres. Specifically, we began the education scholarship program in the Kalimati Slums in 2007-08, followed by the one in the Kathmandu district in 2008-09, and in this financial year we started a new program in the Jhapa district, in the far South Eastern corner of Nepal, focussing primarily on girls. Today, we support over 300 children. In terms of our community training and development centres, we began the Jorpati training centre in 2007-08 and the one in the Kalimati Slums in 2009-10. In the 2009-10 financial year, there have been over 200 new students at both of our training centres!

This Annual Report sets out where we are financially and how our funds have been disbursed across our projects in Nepal, as well as providing highlights from each of our projects. All of our projects support our goal of improving the living standards of the children and people of Nepal through co-creating sustainable solutions for them, leading them to become independent and less reliant on external aid in the future. We have thoroughly enjoyed working in close partnership with our wonderful team in Nepal and all our beneficiaries, and have further developed each project this year with the active participation of not only the direct beneficiaries, but also the wider community, empowering all involved and giving them increasing ownership of the projects.

Something else we are very excited about achieving in 2009-10 is Deductible Gift Recipient (DGR) status, meaning that all donations to SCAI over \$2 p.a. became tax deductible from June 2010. We are now also closer than ever before to buying our own land, after which will be the task of raising funds and building our own permanent home for Sunrise Orphanage and our own Sunrise School. This is our major focus in the short to medium term.

Ultimately, what SCAI is about and the vision we have for the future is encapsulated in the collage of photos on the cover page which shows some of our children in their day-to-day activities, like going to school, playing with friends and just enjoying the sunshine, as well as more special events like getting dressed up for a dance competition. What these photos do not show is the dedication of our Sunrise teams and the generous support behind all of this, which comes largely from Australia, as well as other developed countries. I hope all of you who have helped us thus far will continue to support us for the long haul. We could not have got this far without all of you.

With sincere thanks and gratitude,



Emma Taylor
President/Co-Founder



Background of SCAI

Our Purpose

The purpose of Sunrise Children's Association Inc (SCAI) is to work in partnership with the people of Nepal to help alleviate poverty amongst the disadvantaged children, youth and citizens of Nepal.

What We Do

SCAI is a young and dynamic charity, established in Australia in July 2005 with a mission to provide a brighter future to impoverished children and their communities in Nepal. It now cares for almost eighty orphaned and abandoned children at Sunrise Orphanage in Nepal, who may have otherwise faced a bleak future of starvation, poverty, slavery, trafficking, being forced into armed conflict, or simply ending up on the streets of the increasingly crowded Kathmandu.

Whilst providing basic care such as a loving home, food, education, medical care and clothing, SCAI is committed to developing the skills of the staff and children of Sunrise Orphanage and the local community in which they live to empower them to become employable and independent in the long term. SCAI works in partnership with various local people and organisations in Nepal on various training, development and income generating programs to achieve this.

SCAI is a not-for-profit, non-government organisation. It does not receive any government funding, and as such depends entirely on the generous donations of businesses and individuals. SCAI continually strives to keep operating and administration costs in Australia and Nepal to an absolute minimum, with all work in Australia being conducted by volunteers.

In June 2010 SCAI was endorsed as a Deductible Gift Recipient (DGR) in Australia by AusAID, the Australian Overseas Aid Organisation, and the Australian Taxation Office. This means that donations since then to SCAI over \$2 p.a. are tax deductible.

SCAI fully supports the UN Convention on the Rights of the Child (UNCRC) and delivers programs that support the individual rights of all children in its care.

Who We Are

SCAI is run by a committee of five Australians, based in Adelaide, Melbourne and

Nepal. SCAI is monitored by a Public Fund committee of 3 Trustees. SCAI has a wide community support base in Australia, with over 35 individual Members and over 180 regular individual donors.

SCAI in Nepal

SCAI has been working in partnership with local non government organisation (NGO), Sunrise Orphanage Nepal, since July 2005. SCAI signed a General Agreement with the Social Welfare Council of Nepal on 13 November 2007, and a Project Agreement on 17 November 2008, both for a 3 year period. This has authorised SCAI to operate as an international NGO (INGO) since that time. SCAI is proud to be one of only four Australian charities to be approved as an INGO in Nepal. Emma Taylor, President and Co-founder of SCAI Australia, is based in Nepal as Country Director of SCAI Nepal, facilitating the effective development of all its projects with local NGO partners, government, line agencies and the local communities in which it works.

Since the establishment of Sunrise Orphanage in July 2005, SCAI, in partnership with local NGO Sunrise Orphanage Nepal, have established two community training and development centres and three community education scholarship programs.



Our Core Values

We treat everyone with respect and dignity. We adhere to the UNCRC. We are committed to a consensus approach to decision making and we are committed to sustainable practices.

We focus on empowering the local people, facilitating project development by working in consultation and partnership with the local people. We encourage active participation by communities, equality, and focus on youth as leaders and facilitators of change, to bring about positive, permanent change.

Aims and Objectives

SCAI aims to continually focus on the most disadvantaged groups in society. Based on our experience in Nepal and our discussions with various local stakeholders, we feel these to be:

- Orphaned and abandoned children and teenagers;
- Disadvantaged children and teenagers;
- Girls at risk of various forms of exploitation; and
- Severely impoverished families.

SCAI's objective is to help these disadvantaged groups and the local community in which they live as follows:

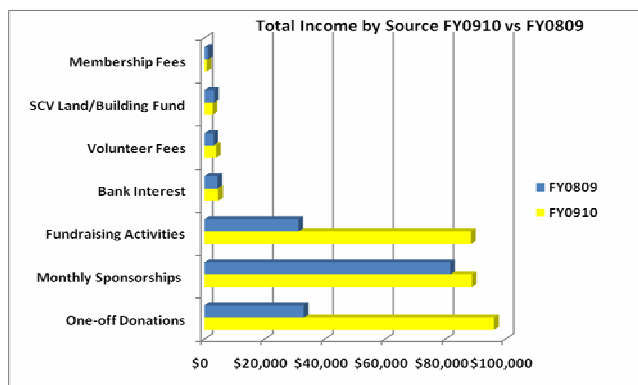
- a) By responding effectively, meaningfully and in harmony with our core values to the needs identified by local people and communities;
- b) By engaging local people and local resources in all our projects to further create employment, produce cost effective and sustainable outcomes that are relevant and meaningful to the local people;
- c) By developing partnerships with like-minded, community based, not-for-profit organizations, people and communities focusing on their personal development and empowerment;
- d) To support people and communities that want to work collaboratively together to create a long term sustainable solution where they are able to become independent of external aid in the long term;
- e) By working with partners to identify and tackle the cause of poverty rather than simply relieving the symptoms with short term solutions;

- f) To develop the skills of local people and communities. This can be done directly with the beneficiaries, namely the children and youth at Sunrise Orphanage and education scholarship programs and adults at the community training and development centres. This can also be achieved by providing the staff of implementing partner organisations (i.e. Sunrise Orphanage) with the skills to enable them to effectively implement the projects and facilitate change in their local community on an ongoing basis themselves;
- g) By acknowledging support and recommendations provided by government and supporting line agencies, and incorporating these into our project plans and strategic plans; and
- h) By operating in a non-discriminative, culturally sensitive manner, where both SCAI and the local beneficiary are working in partnership to produce the desired results.

Financial Summary

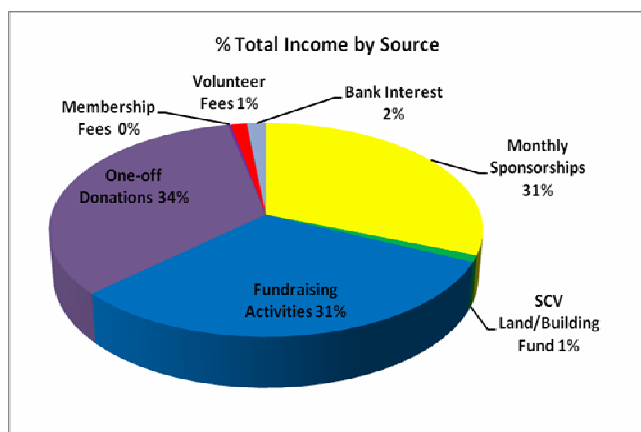
Income

Total Income for **FY0910** was **\$285,765**, up from **\$157,851** in FY0809, an increase of **81%**. Income from One-off Donations and Fundraising Activities grew significantly, both almost **tripling year on year**. Monthly Sponsorships, which are used solely for Sunrise Orphanage, also grew by a healthy 8% and income from Volunteer Fees by 26%. The only sources of income that declined year on year were Membership Fees and Monthly Sponsorships for Sunrise Children's Village (SCV) Land/Building Fund.



Of Total Income, **34%** came from One-off Donations, **31%** from Monthly Sponsorships, **31%** from Fundraising Activities and 4% collectively from Membership Fees, Volunteer

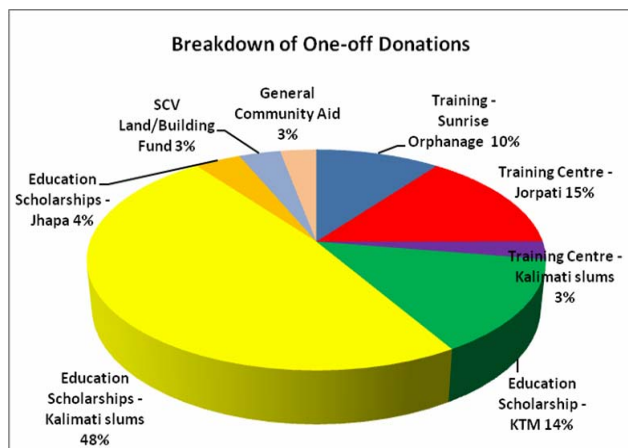
Fees, Bank Interest and Monthly Sponsorships for the SCV Land/Building Fund.



One-off Donations

\$96,225 was received in One-off Donations in FY0910, almost tripling that received in FY0809, of \$33,012.

Donations were made to support a range of projects and programs in Nepal including a variety of Training and Development Programs at Sunrise Orphanage, three Community Education Scholarship Programs, two Community Training and Development Centres that SCAI runs with its local partners, ad-hoc medical and other unexpected expenses. The surplus funds went into the SCV Land/ Building Fund.



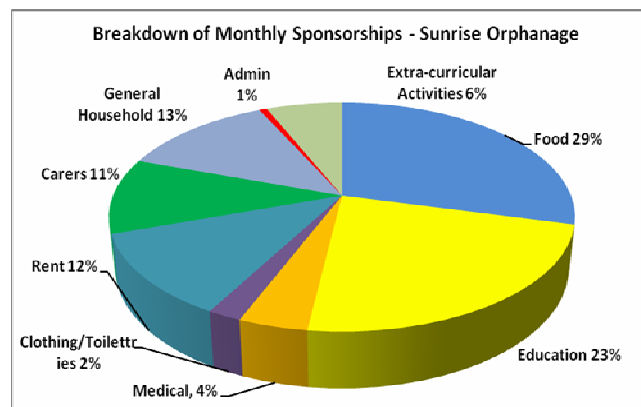
Monthly Sponsorships

\$88,876 was received through a combination of Child and General Sponsorships in FY0910, up from \$81,622 in FY0809. Child and General Sponsorships specifically cover the children's needs and running of Sunrise Orphanage, including food, education, medical care, clothing, extra-curricular activities, live-in carers, rent, general household needs and a small amount on administration. The Monthly Sponsorships

exclude Training and Development Programs at Sunrise orphanage, as these are covered by One-off Donations, as outlined above.

\$2,748 was received in Monthly Sponsorships specifically for the SCV Land/ Building Fund.

There were **40 new monthly sponsors** in FY0910 comprised of 38 Child/General Sponsors and two SCV Land/ Building Fund sponsors. There were 21 cancellations, taking the total number of Monthly Sponsorships at 30 June 2010 to 224.



Fundraising

Income from fundraising activities grew significantly, up from \$31,256 in FY0809 to **\$88,635 in FY0910**. The majority of this income came from the two fundraising events held in Melbourne and Adelaide in July 2009, each raising around \$35,000 profit.

Members

SCAI had **35** financial members at 30 June 2010. Income from Membership Fees was down from \$1,305 in FY0809 to **\$780 in FY0910**.

As SCAI continues to grow and our project work in Nepal expands, we encourage new members to become involved in the decision making and future direction of SCAI through Annual General Meetings and other Special General Meetings. In FY0910 SCAI held one AGM, giving members the opportunity to elect the SCAI committee members, appoint the Trustees of the SCAI Public Fund, and receive the FY0809 Financial Reports and President's Report.

Volunteers

14 people from Australia and one person from America volunteered at Sunrise Orphanage in Nepal in FY0910, generating **\$3,860** in volunteer fees to cover their

program costs in Nepal. This was up from 11 volunteers in FY0809.

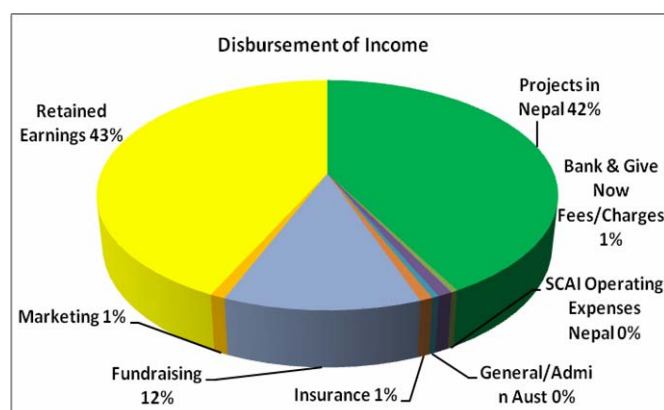
While this is a not-for-profit program, we do charge a minimal fee to cover the costs of volunteer's food, accommodation and other incidentals during their volunteer placement at Sunrise Orphanage.

The volunteers have generously donated their time and skills in a variety of areas. For example, helping the children with their studies, playing with them during play time, helping the carers prepare meals, cleaning, and washing, as well as putting their specialist skills to use in a range of areas including sewing, sport, writing, art and craft, singing, dancing and teaching at the children's school and/or Sunrise's Community Training and Development Centre.

Expenditure / Disbursement of Income

\$162,936 (57%) of the \$285,765 income earned in FY0910 was spent on charity work in Australia and Nepal. The remaining **\$122,829 (43%)** was Retained Earnings, going into the SCV Land/Building Fund.

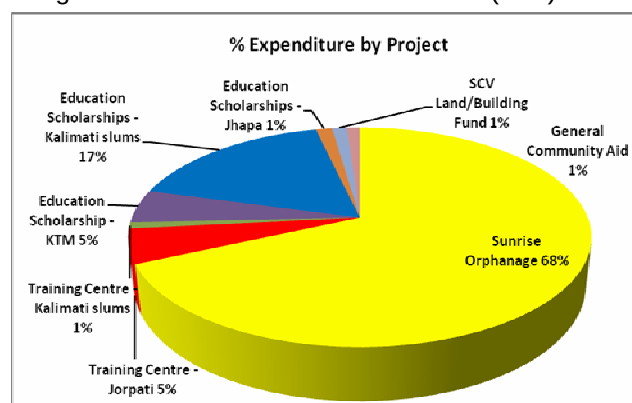
Of the \$162,936, \$120,187 (i.e. 42% of the \$285,765 total income) was disbursed directly to project beneficiaries in Nepal, \$33,148 (12%) was used on fundraising in Australia, \$2,593 (1%) on Marketing, \$2,488 (1%) on Bank and Give Now Fees/Charges, \$2,167 (1%) on Insurance, only \$1,200 (less than 0.5%) on General/Admin Expenses in Australia and \$1,153 (less than 0.5%) on Operating Expenses in Nepal.



Charity Work in Nepal

Of funds spent in Nepal, **99% were spent directly on the projects (\$120,187)**, with only 1% (\$1,153) being spent on SCAI Operating Expenses in Nepal.

Sunrise Orphanage continues to be SCAI's largest project, accounting for 68% of expenditure. This is followed by the Education Scholarship Program in the Kalimati Slums (17%) and the Education Scholarship Program in the Kathmandu District (5%).



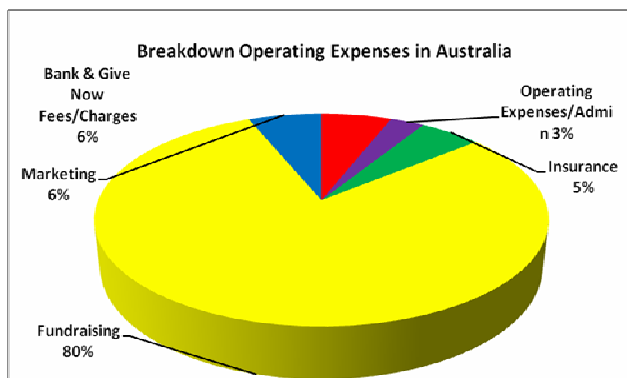
The expenditure of \$120,187 on projects in Nepal was a **10% increase** on FY0809. This was due to an increase in expenses for Sunrise Orphanage, predominantly food and education, as well as the development of SCAI's other projects including the Community Training and Development Centres and Education Scholarship Programs.

Operating Expenses in Australia

Fundraising Expenses were up from \$14,954 in FY0910 to \$33,148 in FY0910, accounting for 80% of expenditure in Australia. The increased investment resulted in significantly higher income from Fundraising Activities, with a large portion still to be shown, falling into FY1011.

Marketing expenses of \$2,593 (6%) included the new SCAI promotional DVD given to all monthly sponsors, guests at the fundraising events and other interested people, printing and annual mail-out of child and general sponsorship cards to monthly sponsors and annual Christmas card mail-out to all monthly sponsors and donors.

General/Administration of \$1,200 (3%) included legal fees (SCAI Registration, Fundraising License, Annual Statements), SCAI website and other minimal expenses.



Retained Earnings

The focus of the fundraising events in Australia in FY0910 was to raise funds for the SCV Land/Building Fund. After funding the expansion of the projects in Nepal and by keeping Operating Expenses in Australia to a minimum, we were able to **retain \$122,829 for the SCV Land/Building Fund.**

Combined with the Accumulated Surplus in FY0809 of \$137,316, the total Accumulated Surplus at 30 June 2010 for the SCV Land/Building Fund was **\$260,145.**

Administrative Matters

SCAI Structure

In Australia, the structure of SCAI has remained similar to the previous year, with a management committee made up of President, Secretary, Treasurer and minimum of two committee members. The management committee managed the affairs of the association, with input from external advisors and general members where appropriate and as outlined under SCAI's Rules and on SCAI's website. In FY0910 we have maintained our policy that **no management committee members, general members or independent advisors receive any remuneration for their services in Australia from SCAI.**

The SCAI committee has been through only one change in FY0910, with the resignation of Secretary Lia Jenkins on 16 November 2009 and the election of Kumaran Yogaranandan to the role of Secretary at the AGM on the 29 November 2009. Emma Taylor was re-elected as President, Moira Fogarty was re-elected as Treasurer and Angus Sobels and Sarah Thom

were re-elected as General Committee Members at the AGM.

Deductible Gift Recipient

SCAI was endorsed as a Deductible Gift Recipient (DGR) on the 16 June 2010. This means that donations since then to SCAI over \$2 p.a. are tax deductible.

A new Public Fund was established in accordance with the Objectives set out SCAI's Rules. Three Trustees being Ian Martens (Chairperson), Paul Leadbeter (Member) and Angus Sobels (Member) were appointed at the AGM on the 29 November 2009. All tax deductible donations on or after 16 June 2010 will be transferred to the Public Fund.

Book-keeping and Auditing

DFK Gray Perry and BDO Kendalls in Adelaide have undertaken SCAI's book-keeping and audits respectively on a pro-bono basis for the 3rd year in a row. We would like to thank them both sincerely for their time and for ensuring we maintain accountability and transparency in our operations.

Policies

A new **Child Protection Policy** and **Conflict of Interest Policy** were ratified in June 2009, with tighter controls put into place for both Visitors and Volunteers working with SCAI and its projects in Nepal. These can be found at www.scai.org.au.



Community Support

We have been delighted again in FY0910 with the growing level of community support consisting of members and other individuals, companies, organizations, media and community groups. Numerous supporters have contributed financially, as well as with goods and services free of charge to assist SCAI in keeping administration and fundraising costs to a minimum.

Project Overview

Our Projects

SCAI's projects in Nepal are:

1. Sunrise Orphanage - Kathmandu;
2. Community Training and Development Centre – Jorpati;
3. Community Training and Development Centre – Kalimati Slums;
4. Education Scholarship Program – Kathmandu;
5. Education Scholarship Program – Kalimati Slums;
6. Education Scholarship Program – Jhapa District;
7. General Community Aid; and
8. Sunrise Children's Village.

These projects vary significantly in size and have varying degrees of financial support from SCAI. All projects have been or are being co-developed with local partners in Nepal in line with our Core Values.

Sunrise Orphanage – Kathmandu

Sunrise Orphanage is SCAI's first major project in Nepal. It was founded in July 2005. Whilst providing basic care such as a loving home, food, education, medical care and clothing, SCAI are committed to developing the skills of the staff and children of Sunrise Orphanage and the local community in which they live to empower them to become employable and independent in the long term. SCAI are working in partnership with various local people and organisations in Nepal on various training, development and income generating programs to achieve this.

Training programs include basic life skills, computing, sewing, singing, dancing, music, thanka painting, social work, child rights, public speaking and rehabilitation therapy.

Currently, we look after **77 children** at Sunrise Orphanage, and all children have the opportunity to participate in relevant extra-curricular and training activities.



Community Training and Development Centre – Jorpati

The Sunrise Community and Training Development Centre was established in October 2008 to provide various skills training to predominantly women from within the local community who lack skills, employment and income opportunities. Current programs include computing, sewing, candle making and English literacy classes. Since its establishment, over **300 students** have joined the centre.



Community Training and Development Centre – Kalimati Slums

Kalimati is the location of one of the largest slum areas in Kathmandu, where over 300 families live in make-shift bamboo and plastic homes along the filthy, polluted riverbank of the Kalimati River. The Sunrise Training and Development Centre was established in the Kalimati Slums in April 2010, providing training in sewing, literacy and candle making. There are already over **30 students**, with numbers increasing each month.



Education Scholarship Program – Kathmandu

There are now over **50 children** benefiting from this program. This program supports single mothers and families who face great financial hardship. Support consists of payment of education for the children at a local school and the provision of some basic needs for the family to encourage the parent or parents to keep their children at home with them rather than abandoning them.



Education Scholarship Program – Kalimati Slums

This program provides educational support for the children of the Kalimati Slums. Specifically:

- Sponsoring **118 children** to attend a good quality, local government school;
- Providing before and after school tuition for the class 4-9 students to give them support in doing their homework, as they receive little support, if any, from their parents or guardians who are generally illiterate; and
- Providing classes during the day in the slums classroom for around **40** three to five year old children who do not yet attend school, as well as some of the children from the lowest caste's who are not permitted to attend proper school by their parents, who often need their children to help support the family by begging on the streets.

The sponsorship includes school fees, tuition, books, uniforms, bags, shoes and stationery.



Education Scholarship Program – Jhapa District

In May 2010 we established an exciting new program called "Eve Foundation's Education Scholarship Program for Village Girls". This was established in the far South East corner of Nepal, in a needy village of Jhapa District called Rajgadh. The standard of living in this area is extremely low, with the majority of families living in simple mud-dung houses.

The program consists of scholarships for **63** of the neediest girls in the local area, providing them with fees and all education materials comprised of books, stationary, uniforms, shoes and bags.



General Community Aid

This financial year we were able to provide medication for a girl requiring heart surgery and boy with rare blood condition from the Kalimati slums. As well, we were able to provide support for one family in the slums to re-build their home after it burnt down in an accidental fire and a new roof for another family.



Sunrise Children's Village

The next major step for SCAI will be buying land and building Sunrise Children's Village, an energy efficient and ecologically friendly permanent home. This will provide the foundation for self-sufficiency and sustainability for the current and future children of Sunrise Orphanage. We plan to house up to 100 children and our intention is to include a variety of facilities that will provide a strong foundation for the children's future. We plan on including the following facilities:

- Living quarters for the children;
- Computer centre;
- Training and development centre for sewing and tailoring, candle making, thanka painting and other saleable goods;

- Library and English language centre;
- Hall for dance and music performances;
- Rehabilitation centre for disabled children;
- First aid room;
- Multi-purpose sports field for soccer, volleyball, badminton and basketball;
- Sports room for table tennis and other games;
- Playground including swing, slide, seesaw and climbing equipment;
- Courtyard for reading, yoga, meditation and talking; and
- Vegetable and herb garden for Sunrise consumption.

The facilities built specifically for training and development programs will be in a separate building so the local community can also share these facilities with us.



In partnership with the local community and the Nepalese government, we also plan to build Sunrise School in close proximity to Sunrise Orphanage for both the Sunrise Orphanage children and the local community children. Our aim in doing this is to provide an accredited education facility where a child's right to learn and prosper are respected and each child's needs are supported and nurtured.

SUNRISE CHILDREN'S ASSOCIATION INCORPORATED

BALANCE SHEET

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents		260,145	137,224
Trade and other receivables		-	93
TOTAL CURRENT ASSETS		<u>260,145</u>	<u>137,317</u>
TOTAL ASSETS		<u>260,145</u>	<u>137,317</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>260,145</u>	<u>137,317</u>
EQUITY			
Retained Earnings	2	137,316	111,180
Prior Years Surplus/(Deficit)		-	-
Current Year Surplus/(Deficit)		122,829	26,136
TOTAL EQUITY		<u>260,145</u>	<u>137,316</u>

The notes on page 4 form part of these financial statements

SUNRISE CHILDREN'S ASSOCIATION INCORPORATED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
INCOME		
Bank Interest Received	4,642	4,354
Donations	96,225	33,012
Membership Subscriptions	780	1,305
Activities fundraiser income	88,635	31,263
Sponsorship Income	91,624	84,864
Volunteer Fees	3,880	3,060
	<u>285,765</u>	<u>157,851</u>
EXPENDITURE		
Sunrise Orphanage Nepal	120,187	108,977
SCAI operating expenses Nepal	1,153	2,502
Fundraising Expenses	33,148	14,954
Marketing Expenses	2,593	431
Bank Fees & Govt Stamp Duties	417	157
Fees & Charges - Our Community	2,071	1,665
SCAI Operating Expenses Aust	1,200	639
Insurance	2,167	2,390
	<u>162,936</u>	<u>131,715</u>
OPERATING SURPLUS	<u>122,829</u>	<u>26,136</u>
ACCUMULATED SURPLUS AT THE END OF THE FINANCIAL YEAR	<u>260,145</u>	<u>137,316</u>

The notes on page 4 form part of these financial statements

SUNRISE CHILDREN'S ASSOCIATION INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1 Accounting Policies

The Association is a non reporting entity. These financial statements are a special purpose financial report prepared in order to satisfy the *(New South Wales) Associations Incorporation Act, 1984* and the following Australian Accounting Standards:

AASB 1031	Materiality
AASB 110	Events after Balance Sheet Date

No other applicable Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

2 Retained Earnings

Earnings are retained for development of the 'Sunrise Children's Village Land and Building Fund'

3 Association Details

The office of the Association is:

Sunrise Children's Association Inc
Incorporation number: INC9884057
6-84 Westbury Street
ST KILDA EAST
VIC 3183

4 Related Parties

The names of the Members of the Committee in office at any time during or since the end of the financial year are:

President	Emma Taylor	
Secretary	Lia Jenkins	(resigned 16 November 2009)
	Kumaran Yogaranandan	(appointed 29 November 2009)
Treasurer	Moiria Fogarty	
Members	Angus Sobels	
	Sarah Thom	

**SUNRISE CHILDREN'S ASSOCIATION INCORPORATED
STATEMENT BY COMMITTEE MEMBERS**

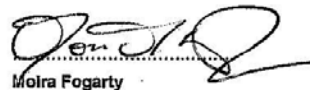
The Members have determined that the Institute is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Committee Members the financial report set out on pages 1 to 4:

- (a) Presents a true and fair view of the financial position of Sunrise Children's Association Incorporated as at 30 June 2010 and its performance for the year ended on that date,
- (b) As at the date of this report, there are reasonable grounds to believe that the Sunrise Children's Association Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Members and is signed for and on behalf of the Members by:


Kumaran Yogaranandan
Secretary, Committee


Molra Fogarty
Treasurer, Committee

Dated this 3rd day of Sep 2010
Melbourne

INDEPENDENT AUDITOR'S REPORT

To the members of

Sunrise Children's Association Incorporated

Scope

We have audited the accompanying financial report, being a special purpose financial report, of Sunrise Children's Association Inc, which comprises the balance sheet as at 30 June 2010, and the income statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Statement by Committee Members.

The Responsibility of the Committee for the Financial Report

The Committee of the entity are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Rules of Sunrise Children's Association Inc and are appropriate to meet the needs of the members. The Committee's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.



The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee's financial reporting requirements under the Rules of Sunrise Children's Association Inc. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Auditor's Opinion

As is common for organisations of this type, it is not practicable to maintain an effective system of internal control over donations and other fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to revenue was limited to amounts recorded.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitations discussed in the qualification paragraph not existed, the financial report presents fairly, in all material respects, the financial position of Sunrise Children's Association Inc as of 30 June 2010 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

A handwritten signature in blue ink that reads 'BDO'.

BDO (SA)

A handwritten signature in blue ink, appearing to read 'Gregory R Wiese'.

Gregory R Wiese
Partner

Dated 3 September 2010