American Australian Association Limited

ABN 65 119 727 847

Annual report for the year ended 30 June 2015

American Australian Association Limited ABN 65 119 727 847
Annual report - 30 June 2015

Contents

Directors' report

Your directors present their report on the company for the year ended 30 June 2015.

Directors

The following persons held office as directors of American Australian Association Limited ('AAA") during the financial year:

ME Baume
M Binks
F Cassidy
E Solomon
JF Browne
J Olsen
IM Saines
GJ Macdonald
LA Hielscher
M Warczak
G Medcraft
JR Rees
AJ Butcher
AD Dyer
L Anderson
M Baillie
G Thomas (appointed 4 December 2014)

Principal activities

During the year the company was involved in the raising of funds and the development of educational programmes and events that aid in the promotion of friendship, cooperation and understanding between the United States of America and Australia.

The company is responsible for the management of funds pursuant to host agreements with United States Studies Centre (USSC) and United States Asia Centre (USAC).

The company also developed and undertook fellowship exchange programmes with AAA Inc.

There was no significant change in the nature of the activity of the company during the year.

Long term objectives

- To promote friendship, cooperation and understanding between the peoples of the United States of America and Australia;
- To strengthen relations between the United States of America and Australia through creating a better understanding of their cultures and societies; and
- To develop and undertake exchanges and programmes including, but not limited to, educational scholarships and programmes, conferences and seminars and other cultural events for the furtherance of the purposes set out.

Short term objectives

- To conduct fundraising from the public to raise funds to assist in the activities of the company; and
- To receive donations and other gifts for the furtherance of the purposes of the company set out.

Key strategies and activities for achieving objectives

The American Australian Association Limited promotes membership along with presenting a variety of business, social and educational events in order to promote and enhance the strong relationship between the United States and Australia. The promotion of activities, news regarding the U.S. and Australia are promoted through our website and newsletters.

All events increase the business networking opportunities and build of relationships between our allied countries.

Measurement of performance

Performance is measured by quantum of financial receipts to ensure financial viability and continuation of the Fellowship Programme, maintenance of membership numbers and attendance at events. Positive profile and standing of the organisation in the broader community.

Review of operations

The operating deficit for the year was $2,405,520 (2014: operating deficit $2,256,166).

The operating deficit includes "Other income' of $0.6 million (2014: $0.6 million) associated with government assistance funding for the establishment of the USSC and USAC.

In January 2013, AAA has signed an agreement with the State of Western Australia to receive grant funding to support the establishment and operations of the Western Australia - United States Asia Centre at the University of Western Australia. This Grant represents a total of $3.0 million funding to be received over a 5-year period, starting 1 July 2013 until 30 June 2018.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

(a) the company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the company's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the company and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not affected by any significant environmental regulation in respect of its operations.

Information on directors

ME Baume. *Director. Appointed 16 May 2006*

Michael Baume, AO, has been a Director of the American Australian Association Ltd. since 2006, and a member of the US Studies Centre Council of Advisors. Michael is a former diplomat, front bench federal politician, consultant, journalist, public company director, stockbroker, TV panellist and commentator, author and public speaker. He was made Officer of the Order of Australia in 1999 for his services to the parliament, the arts and finance journalism.

Information on directors (continued)

M Binks. *Director. Chairman Appointed 16 May 2006*

Malcolm Binks AO has been Chairman of the American Australian Association Inc. since 1999 and Chairman of the United States Studies Centre since 2006. Malcolm was an executive for 38 years, many of those with Merrill Lynch. He was made an Officer of the Order of Australia in 2008 for his contribution to US and Australia relationships, especially in the area of education. He was educated in England and received his Barrister at Law in 1961.

F Cassidy. *Director. Appointed 16 May 2006*

Frances Cassidy was appointed as President of the American Australian Association in 2002. Frances has had a distinguished career in business and government which has focused on the development of American Australian trade and business relationships. Frances received a BA from the Australian National University in Economics and Political Science.

E Solomon. *Director. Appointed 16 May 2006*

Ezekiel (Zeke) Solomon is a senior partner of Allens, Australia's oldest law firm. He has extensive experience in corporate and commercial law, including international business transactions, mergers and acquisitions, and the development and financing of major infrastructure, energy and resources projects. Zeke graduated with a degree of Bachelor of Laws (Honours) from Sydney University and Master of Law from Harvard Law School, where he was a Fulbright scholar. He is an Adjunct Professor in the Faculty of Law, University of Sydney and in the Faculty of Law, University of Technology Sydney.

JF Browne. *Director. Appointed 26 July 2006*

Jeffrey Browne was a member of the Board of the Guardians of the Australian Government's Future Fund and Chairman of the Future Fund Investment Companies from 2006 to 2011, and a member of the Advisory Board of the Australian Government Solicitor from 2006 to 2011. He was a Partner of the New York law firm, Sullivan & Cromwell, and Managing Partner of its Australian offices from 1976 to 2005. Jeffrey holds law degrees from the Universities of Adelaide, Sydney and Harvard and is a member of the New York Bar.

J Olsen. *Deputy Chairman and Executive Director. Appointed 21 January 2010*

The Hon John Olsen AO has been a former Diplomat with postings to Los Angeles 2002 2006 and New York 2006 2009. He has served as Premier of South Australia, Senator and Member of Parliament for over 21 years. He was made an Officer of the Order of Australia in January 2007 for services to the Parliament of South Australia. He is a Fellow of the Institute of Public Accountants.

Information on directors (continued)

IM Saines. *Director. Appointed 22 July 2010*

Ian Saines was appointed Chief Executive - Funds Management at Challenger Limited in March 2015. In this role Ian is responsible for Australia's fastest-growing investment manager, with approximately A$60 billion of funds under management. The Funds Management business develops, distributes and manages investment products, operating under two separate brands: Challenger Investment Partners (specialist Fixed Income and Real Estate investment managers) and Fidante Partners (a multi-boutique platform supporting 17 boutique fund managers across a range of investment strategies.

Before joining Challenger Mr Saines was Group Executive - Institutional Banking and Markets at Commonwealth Bank of Australia (CBA) having joined that bank in 2004. Ian was a member of the Bank's Executive Committee and responsible for managing the Bank's relationships with major corporate, institutional and government clients and providing a full range of capital raising, transactional and risk management products and services. Prior to joining CBA, Ian was a Management Committee member of Zurich Capital Markets Asia, the investment banking arm of the Zurich Financial Services Group. Ian previously held various leadership positions at Bankers Trust Australia Limited and headed the investment bank's Global Metals and Mining Industry Group.

Ian is currently a Director of Air Lease Corporation [AL.N], a NYSE listed commercial aircraft leasing company based in Los Angeles. He was formerly a board member of Father Chris Riley's Youth off the Streets, a not for profit organization providing support to chronically homeless and abused youth in our society. He was also a director of Australian Financial Markets Association (AFMA) from 2008 until 2013. He is a Fellow of the Australian Institute of Company Directors and a Certified Finance and Treasury Professional. Ian has a first class honors degree in economics from the University of New South Wales.

GJ Macdonald. *Director. Appointed 9 October 2006*

Graham Macdonald has a Bachelor of Medical Science, Bachelor of Medicine and Surgery from University of Sydney, Doctor of Medicine, University of NSW, and is a Fellow of the Australasian and London Colleges of Physicians. He has worked in the pharmaceutical and biotechnology industries for the past seventeen years and is currently Chairman of the Boards of Stem Cells Limited and Vectus Biosystems, a Sydney biotechnology company.

LA Hielscher. *Director. Appointed 12 October 2006*

Sir Leo Hielscher has over fifty years' experience in the areas of Government, the banking and finance industry, domestic and global financial markets, superannuation industry and as an independent company director. Sir Leo has a Bachelor of Commerce, D Univ Griffith (Hon), AAUQ, AASA, FAIM, FCPA, FFTP (Hon). Sir Leo was awarded a Knight Bachelor in 1987, an Honorary Doctorate of Griffith University in 1993, and a Companion in the Order of Australia (AC) in the General Division in 2004. He was honoured as a Queensland Great by the Queensland Government in 2007.

M Warczak. *Director. Appointed 18 May 2007*

Dr. Michael Warczak OAM graduated with a degree in Dental Surgery in 1969 and became active in general business through the Warczak Group. Now in retirement Michael continues to support a range of charitable and philanthropic organisations, and humanitarian activities. Michael Warczak was awarded the Order of Australia Medal in 2005 for the service to the community, particularly as a contributor to humanitarian and development causes.

Information on directors (continued)

G Medcraft. *Director. Appointed 13 July 2008*

Greg joined the Australian Securities & Investment Commission (ASIC) as a Commissioner in February 2009. In May 2011, Greg was appointed Chairman of ASIC. Prior to joining ASIC, Greg was CEO & Executive Director at the Australian Securitisation Forum (ASF). He spent nearly 30 years in Investment Banking at Société Générale in Australia, Asia, Europe and Americas. More recently, he was the Managing Director and Global Head of Securitisation, based in New York. In 2002, Greg co founded of the American Securitization Forum and was its Chairman from 2005 until 2007 when he returned to Australia. Greg is currently Chair of IOSCO (International Organisation of Securities Commissions) and a member of the G20 Financial Stability Board. Greg has a Bachelor of Commerce (Melbourne University).

JR Rees. *Director. Appointed 13 July 2008*

James has over 20 years' local and international experience in investment banking and management consulting. He has advised clients from across Asia, Australia and the United States, focusing on strategic planning, mergers and acquisitions, divestments, IPOs and capital raisings. Previously, James has worked at Greenhill Caliburn and PwC Australia (formerly PricewaterhouseCoopers). In more recent years, he led the Sydney Credit Suisse Corporate Advisory practice at Credit Suisse, where he provided corporate and transaction advice to ultra high net worth clients, family offices and private and small cap listed companies.

James is the founder of Eaglehawk Advisory, an independent corporate advisory firm offering specialist strategic, transaction and private capital raising services. He is also on the Advisory Board of Hydrus Technology and the John Sample Group.

Among his qualifications, James has graduated with a Bachelor of Economics and a Bachelor of Commerce from the Australian National University (ANU), a Graduate Diploma in Applied Finance from the Financial Services Institute of Australia (FINSIA), is a Graduate of the Australian Institute of Company Directors and Chartered Accountant (ICAA).

AJ Butcher. *Director. Appointed 15 August 2008*

Andrew Butcher is an owner and managing partner of Bespoke Approach, a corporate advisory firm. Andrew started his career as a journalist with News Corporation newspapers, reporting from Melbourne, Canberra, Tokyo and New York.

He left journalism to become the New York-based speechwriter for Rupert Murdoch and was promoted to Senior Vice President of News Corporation, a role in which he was the company's long-time spokesman. Upon returning to Australia he joined Telstra, where he became Executive Director, Communications and Media Relations. He left Telstra to set up his own strategic communications company, Butcher & Co, which merged with Bespoke Approach in 2015.

AD Dyer. *Director. Appointed 6 December 2010*

Andrew holds a Bachelor of Engineering with First Class Honours from Monash University and an MBA from Georgetown University. He is Chairman of Sales Force National and serves on the boards of the Cancer Council Victoria, Melbourne Symphony Orchestra, Monash Engineering Foundation and The Good Foundation. He is also a Vice Chancellor's Professorial Fellow at Monash University.

Andrew was previously the Victorian Government Commissioner to the Americas, based in San Francisco. His prior executive positions were at SMS Management & Technology, Indus International, FPL Group and IBM.

Information on directors (continued)

L Anderson. *Director. Appointed 21 December 2010*

Laura is an independent Company Director and Management Advisor. She is a frequent speaker and advisor to business groups, professional societies, government and academia including Melbourne Business School's Executive Development Programme. Laura was educated in the US and holds a Bachelor Degree from Southern Methodist University with concentrations in English and Applied Mathematics. She has also undertaken advanced professional studies in Strategic Planning, Financial Management, Applied Technologies and Enterprise Logistics. She is a Fellow of the Chartered Institute of Transport.

M Baillie. *Director . Appointed 11 December 2012*

Mark is Deputy Chairman of Folkestone Limited an ASX listed company focusing on real estate funds management, investment and development. Prior to this Mark was Macquarie Group Limited's Head of Real Estate - Europe and North America. During his 14 years at Macquarie, Mark was responsible for the creation and listing of three AREITs on the ASX and was an AREIT CEO for five years. Mark was located in Chicago, USA (2001 to 2006) and London UK (2006 to 2009) in order to establish and manage the growth of Macquarie Real Estate's business in both regions. Mark was a director on the boards of all Macquarie's listed AREITs. In addition, Mark has been a director of the following real estate industry bodies, the Property Council of Australia, the Shopping Centre Council of Australia, the Association of Foreign Investors in Real Estate (past Chairman) and the European Public Real Estate Association. He is also currently a director of the United States Studies Centre Limited.

G. Thomas *Director. Chairman Appointed 4 December 2014*

Geoffrey commenced his career in the Financial Services Sector in the early 1980's and developed one of Australia's most successful Finance Brokerage Brands. He is the former Executive Chairman of Capitalcorp Financial Services, a Finance Brokerage Group, which had 32 offices around Australia. In 2004, Geoffrey sold the business to a listed Public Company, and since then, has mainly been involved in Investment activities in the United States and Australia.

Geoffrey has held the position as the Deputy Chairman of Trade & Investment Queensland (TIQ) Board since October 2013. He currently holds multiple directorships and board positions. Geoffrey has multiple business interests globally with particular interest in the hospitably and real estate industry.

Company secretary

Anna Sandham was appointed as Company Secretary on 2 January 2013. She holds a Bachelor of Economics (University of Sydney) and a Graduate Diploma of Applied Corporate Governance (Governance Institute of Australia). Anna Sandham has 15 years of experience as a company secretary.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

Meetings of directors (continued)

	Full meetings of directors		Meetings of committees Finance	
	A	**B**	**A**	**B**
ME Baume	3	4	-	-
M Binks	3	4	3	4
F Cassidy	2	4	1	4
E Solomon	3	4	-	-
JF Browne	3	4	-	-
J Olsen	4	4	4	4
IM Saines	3	4	-	-
GJ Macdonald	3	4	-	-
LA Hielscher	4	4	3	4
M Warczak	4	4	4	4
G Medcraft	3	4	3	4
JR Rees	3	4	3	4
AJ Butcher	3	4	-	-
AD Dyer	2	4	-	-
L Anderson	1	4	-	-
M Baillie	2	4	2	4
G Thomas	2	2	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

Insurance of officers

During the financial year, American Australian Association Limited has paid $3,769 (2014: $3,713) premiums to insure the directors and secretaries of the company.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Members guarantee

American Australian Association Limited is a company limited by guarantee. In the event of the company being wound up each member is liable to contribute to the debts of the company incurred whilst they were a member or within one year from them ceasing to be a member, or for the purpose of adjusting the rights of the contributors amongst themselves, such amount as may be required not exceeding $1.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 is set out on page 9 and forms part of the Director's report.

Auditor

PwC continues in office in accordance with section 325 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

J Olsen
Director

Sydney
15 October 2015

Auditor's Independence Declaration

As auditor for the audit of American Australian Association Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of American Australian Association Limited during the period.

Rod Dring
Partner
PricewaterhouseCoopers

Sydney
15 October 2015

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These financial statements are the financial statements of American Australian Association Limited as an individual entity. The financial statements are presented in the Australian currency.

American Australian Association Limited is a company limited by guarantee, incorporated and domiciled in Australia.

Its registered office is:

American Australian Association Limited
Level 5, Deutsche Bank Place
126 - 130 Phillip Street
Sydney NSW 2000

Its principal place of business is:

American Australian Association Limited
Level 47, MLC Centre
19 - 29 Martin Place
Sydney NSW 2000

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1 to 9, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 15 October 2015. The directors have the power to amend and reissue the financial statements.

	Notes	**2015 $**	2014 $
Revenue from continuing operations	3	**1,545,889**	1,691,747
Other income	4	**1,202,525**	1,491,633
Employee benefits expense		**(372,978)**	(429,723)
Depreciation and amortisation expense	5	**(2,174)**	(5,684)
Host agreement expenses		**(4,500,000)**	(4,200,000)
Fundraising costs		**-**	(172,025)
Legal and professional fees		**(42,566)**	(37,936)
Travel		**(70,908)**	(77,777)
Other expenses		**(62,044)**	(420,861)
Finance costs		**(103,264)**	(95,540)
(Deficit) before income tax		**(2,405,520)**	(2,256,166)
Income tax expense		**-**	-
(Deficit) for the year		**(2,405,520)**	(2,256,166)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (deficit) for the year		**(2,405,520)**	(2,256,166)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2015 $**	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**3,296,333**	5,980,919
Other receivables	7	**300,333**	291,747
Financial assets at fair value through profit or loss	8	**11,768,596**	11,707,019
Total current assets		**15,365,262**	17,979,685
Non-current assets			
Property, plant and equipment	9	**729**	1,441
Intangible assets	10	**18,078**	5,665
Total non-current assets		**18,807**	7,106
Total assets		**15,384,069**	17,986,791
LIABILITIES			
Current liabilities			
Trade and other payables	11	**100,641**	297,843
Total current liabilities		**100,641**	297,843
Non-current liabilities			
Total liabilities		**100,641**	297,843
Net assets		**15,283,428**	17,688,948
EQUITY			
Retained surplus		**15,283,428**	17,688,948
Total equity		**15,283,428**	17,688,948

The above balance sheet should be read in conjunction with the accompanying notes.

	Retained surplus $	Total equity $
Balance at 1 July 2013	19,945,114	19,945,114
Deficit for the year	(2,256,166)	(2,256,166)
Total comprehensive deficit for the year	**(2,256,166)**	**(2,256,166)**
Balance at 30 June 2014	**17,688,948**	**17,688,948**
Balance at 1 July 2014	17,688,948	17,688,948
Deficit for the year	(2,405,520)	(2,405,520)
Total comprehensive deficit for the year	**(2,405,520)**	**(2,405,520)**
Balance at 30 June 2015	**15,283,428**	**15,283,428**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**732,321**	922,869
Payments to suppliers and employees (inclusive of goods and services tax)		**(5,470,319)**	(5,287,328)
		(4,737,998)	(4,364,459)
Interest received		**324,742**	459,046
Dividend received	3	**601,597**	428,812
Net cash (outflow) from operating activities	18(a)	**(3,811,659)**	(3,476,601)
Cash flows from investing activities			
Payments for fixed assets	9	**-**	(1,210)
Payments for intangible assets		**(13,875)**	-
Net cash (outflow) from investing activities		**(13,875)**	(1,210)
Cash flows from financing activities			
Government grants received		**600,000**	600,000
Sale/(Purchase) of investments		**540,948**	(386,799)
Net cash inflow from financing activities		**1,140,948**	213,201
Net (decrease) in cash and cash equivalents		**(2,684,586)**	(3,264,610)
Cash and cash equivalents at the beginning of the financial year		**5,980,919**	9,245,529
Cash and cash equivalents at end of the financial year	6	**3,296,333**	5,980,919

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the American Australian Association Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC)*. American Australian Association Limited is a not-for-profit entity for the purpose of preparing the financial statements.

(i) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Donations and fund raising activities

Donations and fund raising activities represent monies received into the company's bank account. American Australian Association Limited, in common with most organisations dependent upon such contributions, is unable to establish control over voluntary donations and fundraising activities prior to their initial entry in the accounting records.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Membership subscriptions

Membership subscriptions are recognised on a basis that reflects the timing, nature and value of the benefits provided.

1 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 1(h).

(c) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government assistance income is recognised when AAA fulfills its obligations and obtains control of the funding.

(d) Income tax

The company is exempt from paying income tax due to it being a fund with a charitable purpose to be conducted in terms of section 23(e) of the *Income Tax Assessment Act, 1936*, as amended.

(e) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets

Classification

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; and loans and receivables.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) in the balance sheet.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Impairment testing of trade receivables is described in note 1(g).

(i) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Furniture and fittings 2.5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(e)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(j) Intangible assets

(i) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the company has an intention and ability to use the asset.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

1 Summary of significant accounting policies (continued)

(l) Employee benefits (continued)

(ii) Retirement benefit obligations

Contributions to the defined contribution contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(m) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The company's assessment of the impact of these new standards and interpretations is that their adoption is not expected to have a material impact on future financial statements.

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

2 Financial risk management

The company is a not-for-profit organisation and its activities do not expose it to significant financial risks. Its only major risk is in relation to market price risk, as the company has significant interest bearing assets and certain investment portfolios and the company’s income and operating cash flows are materially exposed to changes in market interest rates.

Risk management is carried out by the Board of Directors who identifies and evaluates financial risks such as interest rate risk and investment of excess liquidity, in close co operation with the company’s operating units.

The company holds the following financial instruments:

	2015 **$**	2014 $
Financial assets		
Cash and cash equivalents	**3,296,333**	5,980,919
Other receivables	**300,333**	291,747
Financial assets at fair value through profit or loss	**11,768,596**	11,707,019
	15,365,262	17,979,685
Financial liabilities		
Trade and other payables	**100,641**	297,843

(a) Market risk

(i) Foreign exchange risk

The company has no exposure to foreign exchange rate risk, as there are no foreign currency transactions or assets and liabilities denominated in foreign currencies.

2 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The company is exposed to equity securities price risk. This arises from investments held by the company and classified in the balance sheet either as available-for-sale or at fair value through profit and loss. The company is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

The majority of the company's equity investments are publicly traded and are included in the ASX 200 Index.

The table below summarises the impact of increases/decreases of the index on the company's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity index had increased by 9% / decreased by 6% (2014: increased by 9% / decreased by 6%) with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit	
	2015	2014
Index	**$**	$
ASX 200 - increase 9% (2014: 9%)	**1,059,174**	1,053,632
ASX 200 - decrease 6% (2014: 6%)	**(706,116)**	(702,401)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. As the fair value of the available-for-sale financial assets would still be above cost, no impairment loss would be recognised in profit or loss as a result of the decrease in the index.

The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(iii) Cash flow and fair value interest rate risk

The company has no exposure to cash flow and fair value interest rate risk as the company has no borrowings.

(b) Credit risk

Credit risk is managed on a company basis. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'AAA' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2015	2014
	$	$
Trade receivables		
*Counterparties with external credit rating **		
AAA ***	**680,484**	532,034
Cash at bank and short-term bank deposits		
AAA	**2,916,182**	5,732,833
Financial assets at fair value through profit or loss		
AAA	**11,768,596**	11,707,019

* Group 1 - new customers (less than 6 months)

*** The company has procedures in place to assess whether to enter into transactions with third parties on a once-off basis, including mandatory credit checks.

2 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. At the end of the reporting period the company held deposits at call of $3,296,333 (2014: $5,980,919) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the future commitments, the company maintains flexibility in funding by maintaining sufficient reserves.

Management monitors rolling forecasts of the company's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 6) on the basis of expected cash flows.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contrac-tual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2015	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade payables	**100,641**	**-**	**-**	**-**	**-**	**100,641**	**100,641**
Total non-derivatives	**100,641**	**-**	**-**	**-**	**-**	**100,641**	**100,641**
At 30 June 2014							
Non-derivatives							
Trade payables	297,843	-	-	-	-	297,843	297,843
Finance lease liabilities	150,672	-	-	-	-	150,672	150,672
Total non-derivatives	448,515	-	-	-	-	448,515	448,515

While AAA does not have any other contractual obligations, except the above, in the future, it is responsible, based on the Grant and Funding agreements in place, for part funding the operations of the USSC and the USAC. This requires regularly scheduled payments.

In addition to the above, AAA is responsible for making regular payments to both the USSC and the USAC to financially support their daily operations. (The amount is determined by the respective Host agreements, however, there is a contracted requirement to ensure the projects have access to sufficient funding).

2 Financial risk management (continued)

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the company's assets and liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014:

30 June 2015	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit or loss				
Trading securities	**11,768,596**	**-**	**-**	**11,768,596**
Total assets	**11,768,596**	**-**	**-**	**11,768,596**
30 June 2014				
Assets				
Financial assets at fair value through profit or loss				
Trading securities	11,707,019	-	-	11,707,019
Total assets	11,707,019	-	-	11,707,019

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Summarised sensitivity analysis

There is no significant interest rate risk or other price risk for the company.

3 Revenue

	2015 **$**	2014 $
From continuing operations		
Membership and other income	**640,022**	156,272
Fundraising dinner	**2,482**	707,741
	642,504	864,013
Other revenue		
Interest	**301,788**	398,922
Dividends	**601,597**	428,812
	903,385	827,734
	1,545,889	1,691,747

4 Other income

	2015 **$**	2014 $
Unrealised gain on investment	**602,525**	891,633
Government grants	**600,000**	600,000
	1,202,525	1,491,633

(a) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government assistance income is recognised when AAA fulfils its obligations and obtains control of the funding.

Income from Government Grants relates to the funding received from the Commonwealth Government in relation to the operations of USSC and USAC.

5 Expenses

	2015 $	2014 $
Deficit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**712**	3,949
Total depreciation	**712**	3,949
Amortisation		
Software	**1,462**	1,735
Total amortisation	**1,462**	1,735
Total depreciation and amortisation	**2,174**	5,684
Finance costs		
Interest and finance charges paid/payable	**103,264**	95,540

6 Current assets - Cash and cash equivalents

	2015 $	2014 $
Bank balances	**881,010**	1,703,290
Deposits at call	**2,415,323**	4,277,629
	3,296,333	5,980,919

Other receivables of $380,151 (2014: $244,446) have been reclassified to cash in the current year as the nature of the account has changed from a receivable balance to a cash balance.

6 Current assets - Cash and cash equivalents (continued)

Cash and cash equivalents at the end of the period include deposits which are restricted for use by the company and are to be expended to support operations of the following funds and in accordance with the existing agreements:

	2015 $	2014 $
Gift Fund	**48**	48
Hugh Rogers Fellowship Fund	**12,938**	22,799
Education Fund	**325,132**	229,961
United States Studies Centre Fund	**343,147**	2,343,047
United States Asia Centre Fund	**2,046,409**	2,398,756
	2,727,674	4,994,611

7 Current assets - Other receivables

	2015 $	2014 $
Deposits	**5,200**	5,200
Accrued interest	**13,528**	36,481
GST receivable	**161,074**	164,560
Imputation and foreign tax credits	**115,985**	82,256
Other receivables	**704**	-
Prepayments	**3,842**	3,250
	300,333	291,747

(a) Impaired trade receivables

At the end of the year, there were no trade and other receivables determined to be impaired (2014: $nil).

(b) Past due but not impaired

An analysis of the trade and other receivables indicated that none were past due.

The company did not hold any collateral against financial or non-financial assets.

(c) Foreign exchange and interest rate risk

Information about the company's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the company and the credit quality of the entity's trade receivables. The company did not hold any collateral against financial or non-financial assets.

8 Current assets - Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2015 $	2014 $
Other listed equity securities	**11,768,596**	11,707,019

Financial assets at the end of the period are restricted for use by the company and are to be expended to support operations of the USSC Fund and USAC Fund in accordance with the existing funding agreement.

The company has classified financial assets as at fair value through profit or loss.

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expenses in profit or loss (notes 4 and 5 respectively).

(a) Risk exposure and fair value measurements

The information about the company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 2.

9 Non-current assets - Property, plant and equipment

	Furniture, fittings and equipment $
At 1 July 2013	
Cost	30,517
Accumulated depreciation	(26,337)
Net book amount	4,180
Year ended 30 June 2014	
Opening net book amount	4,180
Additions	1,210
Depreciation charge	(3,949)
Closing net book amount	1,441
At 30 June 2014	
Cost	31,727
Accumulated depreciation	(30,286)
Net book amount	1,441
Year ended 30 June 2015	
Opening net book amount	1,441
Depreciation charge	(712)
Closing net book amount	729
At 30 June 2015	
Cost	31,727
Accumulated depreciation	(30,998)
Net book amount	729

10 Non-current assets - Intangible assets

	Software $
At 1 July 2013	
Cost	16,917
Accumulated amortisation and impairment	(9,517)
Net book amount	7,400
Year ended 30 June 2014	
Opening net book amount	7,400
Amortisation charge	(1,735)
Closing net book amount	5,665
At 30 June 2014	
Cost	16,917
Accumulated amortisation and impairment	(11,252)
Net book amount	5,665
Year ended 30 June 2015	
Opening net book amount	5,665
Additions - acquisition	13,875
Amortisation charge	(1,462)
Closing net book amount	18,078
At 30 June 2015	
Cost	30,792
Accumulated amortisation and impairment	(12,714)
Net book amount	18,078

11 Current liabilities - Trade and other payables

	2015 $	2014 $
Trade payables	**2,794**	8,485
Accrued expenses	**97,847**	289,358
	100,641	297,843

12 Retained surplus

Retained surplus

Movements in retained surplus were as follows:

	2015 $	2014 $
Beginning of the year	**17,688,948**	19,945,114
Net (deficit) for the year	**(2,405,520)**	(2,256,166)
End of the year	**15,283,428**	17,688,948

13 Key management personnel disclosures

The specified directors of American Australian Association Limited during the financial year were:

ME Baume
M Binks
F Cassidy
E Solomon
JF Browne
J Olsen
IM Saines
GJ Macdonald
LA Hielscher
M Warczak
G Medcraft
JR Rees
AJ Butcher
AD Dyer
L Anderson
M Baillie
G Thomas

(a) Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**255,667**	255,083

(b) Transactions with key management personnel

The following amounts were recognised during the reporting period from other transactions with key management personnel:

	2015 $	2014 $
Expenses		
Legal fees	**870**	5,920
Rent of office buildings	**12,500**	13,603
Company secretarial services	**-**	4,626
	13,370	24,149

13 Key management personnel disclosures (continued)

There were no loans made or other transactions with key management personnel.

14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms:

(a) PwC

	2015 **$**	2014 $
Audit and other assurance services		
Audit and review of financial statements	**11,900**	11,500
Other assurance services		
Preparation of financial statements	**1,500**	1,500
Total remuneration for audit and other assurance services	**13,400**	13,000

15 Contingencies

The company had no contingent liabilities at 30 June 2015 (2014: $nil).

16 Commitments

(a) Lease commitments: company as lessee

(a) Non-cancellable operating leases

	2015 **$**	2014 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**6,512**	12,713
Later than one year but not later than five years	**-**	6,512
	6,512	19,225

The AAA is committed to providing funding to both the USAC and the USSC. The total commitment is equivalent to the funding received from the Government as part of the funding agreements. While these are committed funds, the amount per quarter will depend on the funding requirements and is subject to board approval.

17 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 13.

17 Related party transactions (continued)

(b) Transactions with other related parties

The following transactions occurred with related parties:

	2015 $	2014 $
Other transactions		
Allens Linklaters - legal fees paid	**870**	5,920
Butcher & Co - rent expense paid for Melbourne office including furniture	**12,500**	13,602
Hopkins Corporate - company secretarial services	**-**	4,626

18 Cash flow information

(a) Reconciliation of (deficit) for the year to net cash (outflow) from operating activities

	2015 $	2014 $
(Deficit) for the year	**(2,405,520)**	(2,256,166)
Depreciation and amortisation	**2,174**	5,684
Government grants income	**(600,000)**	(600,000)
Unrealised (gain) on investment	**(602,525)**	(891,635)
Change in operating assets and liabilities:		
(Increase) decrease in operating assets	**(8,586)**	118,344
(Decrease) increase in operating liabilities	**(197,202)**	147,172
Net cash (outflow) from operating activities	**(3,811,659)**	(3,476,601)

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 32 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC)*, including:
   (i) complying with Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC)* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the entity's financial position as at 30 June 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

J Olsen
Director

Sydney
15 October 2015

Independent auditor's report to the members of American Australian Association Limited

Report on the financial report

We have audited the accompanying financial report of American Australian Association Limited (the Company), which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act (ACNC) 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 directors, as well as evaluating the overall presentation of the financial report.

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

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Opinion

In our opinion, the financial report of American Australian Association Limited is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012,* including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards.

PricewaterhouseCoopers

Rod Dring
Partner

Sydney
15 October 2015