



CARE AUSTRALIA

ABN 46 003 380 890

FINANCIAL REPORT

For the year ended 30 June 2020

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DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2020.

Board of Directors

The names of the Board Members in office during the financial year are as follows.

Chairperson Marcus Laithwaite (from 6 March 2020)

Colin Galbraith AM (to 6 March 2020)

Vice Chair Peter Debnam (to 1 November 2019)

Treasurer Joseph Tesvic (from 6 March 2020)

Marcus Laithwaite (to 6 March 2020)

Board Members Paula Benson (to 6 March 2020)

Dr Megan Clark AC (to 30 June 2020)

David Feetham

Danielle Keighery (to 1 November 2019)

Diana Nicholson (from 26 July 2019)

Larke Riemer AO (to 1 May 2020)

Peter Varghese (from 26 July 2019)

Dr Phoebe Wynn-Pope

Directors' Report Cont'd

As at the date of this report, CARE Australia (the Company) had the following standing committees: Executive Committee; International Programs and Operations Committee; Finance and Risk Committee; People and Remuneration Committee; Fundraising and Brand Committee. In addition, CARE Australia also had the following special committee, the Governance and Nominations Committee of the Board of Directors. Apart from the Executive Committee, the Chairperson attends committee meetings at his discretion.

The members of the International Programs and Operations Committee during the 2019-20 financial year were Dr Megan Clark (Chair), Mr Peter Debnam, Mr David Feetham, Ms Larke Riemer, Mr Joseph Tesvic, Mr Peter Varghese and Dr Phoebe Wynn-Pope.

The members of the Finance and Risk Committee during the 2019-20 financial year were Mr Marcus Laithwaite (Chair, to 6 March 2020), Mr Joseph Tesvic (Chair, from 6 March 2020), Ms Paula Benson and Ms Diana Nicholson.

The members of the People and Remuneration Committee during the 2019-20 financial year were Ms Larke Riemer (Chair), Ms Diana Nicholson, Ms Danielle Keighery and Mr Marcus Laithwaite.

The members of the Fundraising and Brand Committee during the 2019-20 financial year were Mr Peter Debnam (Chair), Mr David Feetham, Ms Danielle Keighery, Ms Paula Benson and Ms Larke Riemer.

The members of the Governance and Nominations Committee during the 2019-20 financial year were Mr Colin Galbraith and Mr Peter Debnam.

Directors' Report Cont'd

Standing Committee Meetings Attendance

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Director	Board Meetings		Meetings of Committees								
			International Programs & Operations		People & Remuneration		Finance & Risk		Fundraising & Brand		
	A	B	A	B	A	B	A	B	A	B	
Colin Galbraith	5	4	0	0	0	0	0	0	0	0	0
Peter Debnam*	2	2	1	1	0	0	0	0	1	1	1
Marcus Laithwaite	5	5	0	0	3	3	3	3	1	1	1
Paula Benson*	5	4	0	0	0	0	2	2	1	1	1
Dr Megan Clark	5	5	3	3	0	0	0	0	0	0	0
David Feetham	5	5	3	3	0	0	0	0	3	2	2
Danielle Keighery*	2	0	0	0	1	0	0	0	1	0	0
Diana Nicholson	5	5	0	0	3	3	3	3	0	0	0
Larke Riemer*	4	2	0	0	2	1	0	0	2	1	1
Joseph Tesvic	5	4	3	2	0	0	3	3	0	0	0
Peter Varghese	5	5	3	3	0	0	0	0	0	0	0
Dr Phoebe Wynn-Pope	5	5	3	2	0	0	3	2	0	0	0

A – the number of meetings the Director was eligible to attend during the year

B – the number of meetings attended

* – Directors who retired in 2020

Directors' Report Cont'd

Objectives

The objects of the Company as set out in the Constitution are:

- (a) to provide resources, disaster and emergency relief, technical assistance, training and self-help programs (as the Board considers appropriate to the needs and priorities of particular locations and communities):
 - (i) to relieve poverty, malnutrition, hunger, illness, illiteracy and discrimination;
and
 - (ii) to strengthen the capacity for self-help and to provide economic opportunity;
- (b) to work with other autonomous national and international organisations having (or having objectives which include) similar objectives to those in article 2(a) of the Constitution;
- (c) to do all other things as may be incidental or ancillary to the attainment of these objects.

Principal Activities

The principal activities of the Company during the year were to manage humanitarian, development and emergency aid programs and to promote improved living standards and the advancement of education among the world's poor. There was no significant change in the nature of these activities during the year.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation or law of the Commonwealth or Australian Capital Territory.

Operating Results

The operating result for the financial year ended 30 June 2020 was a deficit of \$304,795 (2019: deficit of \$686,478).

This deficit relates to exchange loss and revenue recognition requirements which saw funding on emergency responses for the Indonesia emergency response, Nepal earthquake and Emergency Wash program and being received and reported in FY19 but spent in FY20. The remaining balance of these funds are held in a Specific Purpose Reserve and Foreign Currency Reserve (refer Note 7) on the Balance Sheet and will be used to fund ongoing emergency responses in accordance with any limitations specified in the original fundraising activity.

Grant revenue and funds to international programs were higher in 2020 due to the commencement of new projects and increased project activities in Myanmar, Timor-Leste, Solomon Island, Vietnam, and PNG. Public revenue was lower in 2020 due to fewer emergency responses appeals and reduced fundraising activities due to COVID 19.

Directors' Report Cont'd

Performance Measures

The Company measures its performance in many ways, including:

- Monitoring and evaluating individual projects and our overarching program, including the impact that we have in the communities we support.
- Compliance with donor requirements, including institutional accreditation by the Department of Foreign Affairs and Trade (DFAT).
- Assessment against the Australian Council for International Development (ACFID) Code.
- Growth in income from the Australian public, DFAT and the Australian Government, CARE International members, foreign governments and overseas based organisations, and from investments.
- Managing the costs of fundraising and administration as a reasonable proportion of total income.

Management and the Board also monitor the Company's overall performance, which includes an assessment of achievements against the organisation's strategic plan, as well as monitoring performance of the Company against the annual operating plan and financial budget.

Review of Operations

The year has seen the continuation of delivery of development assistance programs in South Asia and South East Asia, the Middle East, the Pacific and Africa.

CARE Australia responded to eight humanitarian emergencies in 22 countries, including Tropical Cyclone Harold in the Pacific, (Tonga, Vanuatu, Fiji, Solomon Islands) the COVID-19 crisis across the Asia-Pacific, as well as protracted crises in Syria, Iraq, Bangladesh and Yemen.

Significant Changes in the State of Affairs

A new CEO joined CARE Australia in January 2020. Apart from this and those items mentioned above, there were no significant changes in the state of affairs of the Company.

Employees

As at 30 June 2020, the Company employed 77 staff (2019: 91 staff) on Australian contracts and 741 staff (2019: 755 staff) on contracts entered into in other countries including Cambodia, Laos, Myanmar, Papua New Guinea, Timor-Leste, Vanuatu and Vietnam.

Matters Subsequent to the end of the Financial Year

Apart from matters disclosed in Note 10 to the financial statements, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect:

- i. the operations of the Company;
- ii. the results of those operations; or
- iii. the state of affairs of the Company.

Directors' Report Cont'd

Indemnification and Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and Officers of CARE Australia against costs incurred in defending proceedings for conduct involving a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total insurance premiums paid were \$14,500 (2019: \$11,195). This amount is declared in Note 13 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Dividends

The Company is prohibited by its Constitution from declaring or paying any dividends.

Likely Developments

Project operations are expected to continue in South Asia and South East Asia, Africa, the Middle East and Pacific Regions, supported by funding from the Australian public, the Australian Government, CARE International members and multilateral and bilateral sources.

Auditor Independence

The Directors received a declaration of independence from the auditor of the Company, which is attached to this report.

Non-Audit Services

The Company's auditor, Ernst & Young did not perform any non-audit services during the reporting period.

Directors' Report Cont'd

Particulars of Directors

CHAIR UNTIL MARCH 2020

Colin Galbraith AM

Director since 2004

Special Adviser, Gresham Partners Limited; Director, Colonial Foundation; Trustee, Royal Melbourne Hospital Neuroscience Foundation.

Formerly – Director, Australian Institute of Company Directors; Director, Commonwealth Bank of Australia.

VICE-CHAIR UNTIL NOVEMBER 2019

Peter Debnam

Director since 2013

Chair, Sydney North Planning Panel; Chairman, NSW Kids in Need Foundation Limited; Director, The Paraplegic and Quadriplegic Association of NSW.

Formerly – Member of NSW Parliament, Shadow Minister and Leader of the Opposition; Director & Chairman, Muscular Dystrophy Association of NSW; Director & Chairman, Muscular Dystrophy Foundation Australia; Chairman, Advisory Board of Our Big Kitchen Limited; Director, Paddle NSW Inc.; Director, Disability Sports Australia; Director, Soils for Life Pty Ltd.

Peter is the Chair of the Fundraising and Communications Committee, a member of the Executive Committee and a member of the International Programs and Operations Committee.

CHAIR FROM MARCH 2020

TREASURER FROM 2017 TO MARCH 2020

Marcus Laithwaite

Director since 2017

Partner, PwC Australia; Board member and Treasurer, European Australian Business Council (EABC); Director, PwC Foundation.

Formerly – Chair of ChildFund Australia, PwC Australia Executive Board member and Chief Diversity and Inclusion Officer.

Marcus commenced as Treasurer in July 2017.

Directors' Report Cont'd

TREASURER FROM MARCH 2020

Joseph Tesvic

Director since 2016

Senior Partner and Asia Operations Practice Leader with McKinsey & Company

MEMBERS

Paula Benson

Director from 2018 to March 2020

Non-Executive Director, Victorian Funds Management Corporation; Trustee, Melbourne Convention and Exhibition Trust; Special Counsel to CMAX Advisory; Deputy Chairperson, Patient Review Panel, Assisted Reproductive Treatment Act, 2008; Co-Chair, Research & Advocacy Board Sub-Committee, Ovarian Cancer Australia.

Dr Megan Clark AC

Director since 2015

Head, Australian Space Agency; Non-executive director of Rio Tinto and CSL Limited; member of Australian Advisory Council to the Bank of America Merrill Lynch; Fellow of the Australian Academy of Technological Sciences and Engineering.

Formerly – Chief Executive, CSIRO; Vice President, Technology, BHP Billiton; Director, NM Rothschild and Sons.

David Feetham

Director since 2013

Deputy Chairman, Gresham Advisory Partners Limited.

Formerly – Macquarie Bank in Sydney; Baker & McKenzie.

Danielle Keighery

Director from 2015 to November 2019

Chief Experience Officer, Virgin Australia; Member, Virgin Unite Board – the not for profit foundation of the Virgin Group.

Formerly – Group Executive Brand, Marketing and Public Affairs, Virgin Australia; Corporate Affairs for Virgin Management, Asia Pacific; Senior Corporate Communication roles at Nokia; Global Director of Corporate Communications at Nokia London.

Directors' Report Cont'd

Diana Nicholson

Director since 2019

Senior Partner, King & Wood Mallesons; Board Member, King & Wood Mallesons Community Impact Board; Member and Acting President, Takeovers Panel; Trustee, Melbourne and Olympic Parks.

Larke Riemer AO

Director from 2015 to May 2020

Formerly – Director, Women's Markets, Westpac Banking Corporation; Chair and Global Ambassador, Global Banking Alliance for Women in Banking; Diversity Advisory Board, Allen Linklaters and NBCF.

Peter Varghese AO

Director since 2019

Chancellor of The University of Queensland. Board Director, North Queensland Airports; Member, International Governing Board of the Rajaratnum School of International Studies in Singapore; Adviser Tata Consulting Services (TCS).

Formerly – Secretary, Department of Foreign Affairs and Trade; High Commissioner to India; High Commissioner to Malaysia; Director-General, Office of National Assessments; Senior Advisor (International) to the Prime Minister of Australia.

Dr Phoebe Wynn-Pope

Director since 2018

Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth. Member, Monash University Masters of International Relations Industry Board; Member, University of New South Wales Australian Human Rights Institute Advisory Committee; Ambassador for the Community Refugee Sponsorship Initiative; Graduate Member, Australian Institute of Company Directors (AICD).

Formerly – Founding Director, Humanitarian Advisory Group; Director, International Humanitarian Law and Movement Relations at Australian Red Cross.

COMPANY SECRETARY

Louise Gray

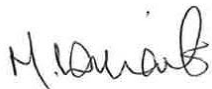
Company Secretary since 2016.

Chair, Epilepsy ACT; Director, Epilepsy Australia; Director, Havelock Housing Association.

Directors' Report Cont'd

Formerly – First Assistant Secretary and Chief Finance Officer, Department Immigration and Citizenship, Deputy Chief Executive Officer, Carers ACT; ACT State Manager, National Disability Services.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit, other than as disclosed in Note 13 to the financial statements. Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "M. Laithwaite".

Marcus Laithwaite
Chair

A handwritten signature in black ink, appearing to read "Joseph Tesvic".

Joseph Tesvic
Treasurer
6 November 2020

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

		2020		2019
		\$		\$
REVENUE	<i>Note</i>			
Revenue from Australian public				
Donations from the Australian public - Cash	3	9,050,468		10,719,757
Donations from the Australian public - in kind	3	66,226		142,987
Bequests	3	1,051,840		410,102
Total Revenue from Donation and Bequests		10,168,534		11,272,846
Revenue from contracts with customers (Grants and Contracts)				
Department of Foreign Affairs and Trade	3	12,202,267		11,609,530
Other Australian	3	19,388,491		17,660,638
Other overseas	3	26,874,961		23,607,299
Total Revenue from contracts with customers		58,465,719		52,877,467
Investment income	3	393,670		665,501
Other income	3	888,106		711,546
Total revenue	3	69,916,029		65,527,360
EXPENSES				
International programs				
Funds to international programs	4(a)(i)	60,711,491		55,019,311
Program support costs	4(a)(ii)	2,374,626		3,535,990
Community education	4(a)(iii)	985,546		996,844
Fundraising costs				
Public	4(a)(iv)	3,967,885		4,174,323
Government, multilateral and private	4(a)(v)	190,660		186,025
Accountability and administration	4(a)(vi)	1,924,390		2,158,358
Non-monetary expenditure – Australian based		66,226		142,987
Total expenses	4(b)	70,220,824		66,213,838
NET (DEFICIT)/SURPLUS		(304,795)		(686,478)
Other comprehensive income		-		-
Total comprehensive income/expenditure for the year		(304,795)		(686,478)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	2020	2019	2018
	\$	<i>Restated</i>	<i>Restated</i>
Note	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5(a) 19,174,631	17,700,548	16,375,908
Term deposits	5(b) 9,157,635	5,769,034	13,590,922
Prepayments	572,139	673,147	766,742
Project advances	5(c) 3,285,306	4,923,140	5,730,064
Trade and other receivables	5(d) 3,332,996	4,751,981	1,865,063
TOTAL CURRENT ASSETS	35,522,707	33,817,850	38,328,699
NON-CURRENT ASSETS			
Other non-current financial assets	5(b) 276,378	276,378	276,378
Property, plant and equipment	6(a) 978,320	1,010,681	1,276,741
Right of Use Assets	6(d) 2,441,837	-	-
Investments	5(b)(e)(g) 10,186,378	9,016,044	8,348,583
TOTAL NON-CURRENT ASSETS	13,882,913	10,303,103	9,901,702
TOTAL ASSETS	49,405,620	44,120,953	48,230,401
CURRENT LIABILITIES			
Trade and other payables	5(f) 1,620,804	2,276,695	1,756,557
Provisions	6(b) 3,303,588	3,453,569	3,708,165
Lease liabilities	6(d) 631,366	-	-
Contract liabilities	6(c) 26,443,991	22,829,164	26,574,549 ¹
TOTAL CURRENT LIABILITIES	31,999,749	28,559,428	32,039,271
NON-CURRENT LIABILITIES			
Provisions	6(b) 504,737	431,125	374,252
Lease liabilities	6(d) 2,044,363	-	-
TOTAL NON-CURRENT LIABILITIES	2,549,100	431,125	374,252
TOTAL LIABILITIES	34,548,849	28,990,553	32,413,523
NET ASSETS	14,856,771	15,130,400	15,816,878
EQUITY			
General reserve	15,062,680	13,232,027	12,821,706
Specific purpose reserve	484,576	2,312,458	3,381,838
Foreign currency reserve	(690,485)	(414,085)	(386,666)
TOTAL EQUITY	14,856,771	15,130,400	15,816,878

The above Statement of Financial Position should be read in conjunction with the accompanying notes

¹ Prior period adjustment

As part of the adoption of AASB 15 revenue from contracts with customers and AASB 1058 Income for not-for-profit entities management came to the view that a number of public donations previously allocated to projects prior to 30 June 2017 should not have been deferred and as such a prior period adjustment has been made to the 1 July 2018 retained earnings and unexpected project funds balances of \$1,995,527 with the 30 June 2018 unexpected project funds comparative balance being adjusted to \$26,574,549

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

Statement of Changes in Equity	Note	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2019	7	13,232,027	2,312,458	(414,085)	15,130,400
Adjustment in equity due to adoptions of new accounting standard AASB16 Lease	2(d)	31,165	-	-	31,165
Net operating surplus for the year		1,799,488	(1,827,883)	(276,400)	(304,795)
Other comprehensive income for the year		-	-	-	-
Amounts transferred (to)/from reserves		-	-	-	-
Balance at 30 June 2020	7	15,062,680	484,576	(690,485)	14,856,771

For the year ended 30 June 2019

Statement of Changes in Equity	Note	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2018	7	12,821,706	1,386,311	(386,666)	13,821,351
Prior period error adjustment			1,995,527 ²		1,995,527
Allowance for expected credit losses AASB9 opening balance adjustment		12,668	-	-	12,668
Net operating surplus for the year		397,653	(1,069,380)	(27,419)	(699,146)
Other comprehensive income for the year		-	-	-	-
Amounts transferred (to)/from reserves		-	-	-	-
Balance at 30 June 2019	7	13,232,027	2,312,458	(414,085)	15,130,400

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

²Prior period error adjustment

As part of the adoption of AASB 15 revenue from contracts with customers and AASB 1058 Income for not-for-profit entities management came to the view that a number of public donations previously allocated to projects prior to 30 June 2017 should not have been deferred and as such a prior period adjustment has been made to the 1 July 2018 retained earnings and unexpected project funds balances of \$1,995,527

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
General public donations		9,992,528	11,029,201
Grants and contract income (inclusive of GST)		63,210,301	52,873,505
Interest income		393,670	665,501
Other income		881,225	315,621
Payments to suppliers and employees (inclusive of GST)		(68,075,170)	(71,625,927)
Net cash flows (used in)/from operating activities	8(a)	<u>6,402,554</u>	<u>(6,742,099)</u>
Cash flow from investing activities			
Acquisition of property, plant and equipment		(402,979)	(294,802)
Proceeds from sale of property, plant and equipment		18,746	54,878
Acquisition of investments		(49,821,118)	(33,802,729)
Redemption of investments		45,188,523	41,344,029
Net cash flows (used in)/from investing activities		<u>(5,016,828)</u>	<u>7,301,376</u>
Net (decrease)/increase in cash held		1,385,726	559,277
Net foreign exchange differences		88,357	765,363
Cash at the beginning of the year		17,700,548	16,375,908
Cash at the end of the year	5(a)	<u>19,174,631</u>	<u>17,700,548</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

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1. Corporate information
2. Basis of preparation

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7. Reserves
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10. Financial risk management

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12. Contingencies
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16. Information required by *NSW Charitable Fundraising Act 1991*

Notes to the Financial Statements - 30 June 2020

BASIS OF PREPARATION

Note 1 Corporate information

The financial report of CARE Australia (the Company) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors dated 6 November 2020.

CARE Australia is a Company limited by guarantee incorporated in Australia.

National Office
Ground Floor,
243 Northbourne Avenue
Lyneham ACT 2612
Phone (02) 6279 0200
Fax (02) 6257 1938

The nature of the operations and principal activities of the Company are described in the Directors' Report.

a. *Liability of members*

As at 30 June 2020 there were eight full members guaranteeing to contribute up to \$100 each in the event of the Company being wound up.

Note 2 Basis of preparation

The financial report is a single entity general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards and *the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation)*.

The financial report has been prepared on a historical cost basis, except investments held at fair value through profit or loss, which have been measured at fair value. The financial report has been prepared on the basis that CARE Australia is a not-for-profit entity.

The financial report is presented in Australian Dollars (\$).

a. *Statement of compliance*

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

b. *Foreign currencies*

Both the functional and presentation currency of CARE Australia is Australian dollars (\$).

Notes to the financial statements cont'd

Note 2 Basis of preparation (continued)

Translation of foreign currency transactions and balances

Funds transfers in foreign currencies are converted to Australian dollars at the rate of exchange ruling at the date of the transaction. All other foreign currency transactions are translated using an average monthly exchange rate.

At the end of each month, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the last day of the month and their statements of profit or loss are translated at an average monthly exchange rate.

Foreign denominated monetary balances in the Statement of Financial Position are translated at the spot rate at 30 June when applicable with exchange differences being taken to the Statement of Comprehensive Income as revenue or expense.

c. Income tax and other taxes

The Company is exempt from income tax pursuant to Subdivision 50B of the *Income Tax Assessment Act, 1997*.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the financial statements cont'd

Note 2 Basis of preparation (continued)

d. *Changes in accounting policy and disclosures*

The Company applied *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-For-Profit Entities* and *AASB 16 Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Company, including Interpretation 23 Uncertainty Over Income Tax Treatments.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted AASB 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 July 2019. The cumulative effect of initially applying AASB 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under AASB 118 and related Interpretations. The Company did not apply any of the other available optional practical expedients.

Upon adoption of AASB 15, no significant impact was noted.

AASB 1058 Income of Not-For-Profit Entities

This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

The requirements of this Standard more closely reflect the economic reality of NFP entity transactions that are not contracts with customers.

Notes to the financial statements cont'd

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

This Standard applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The Company adopted AASB 1058 with the date of initial application of 1 July 2019.

Upon adoption of AASB 1058, no significant impact was noted.

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Company is the lessor.

The Company adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4 at the date of initial application.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Notes to the financial statements cont'd

The Company also applied recognition exemptions within the lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of a low value. Therefore, no lease liability was recognised as at 1 July 2019.

Impact on transition

On transition to AASB 16, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019 Increase/(decrease)
	\$
Right-of-use assets	2,969,566
Lease liabilities	3,184,135
Lease incentive	(245,733)
Retained earnings	31,165

The following table reconciles to the lease commitments disclosed in the Company's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 Increase/(decrease)
	\$
Minimum operating lease commitment at 30 June 2019	3,973,930
Less: short-term leases not recognised under AASB 16	(466,885)
Less: low value leases not recognised under AASB 16	(13,311)
Undiscounted lease payments	<u>3,493,734</u>
Less: effect of discounting using the weighted average incremental borrowing rate (3.9%) as at the date of initial application	<u>(309,599)</u>
Lease liabilities recognised at 1 July 2019	<u>3,184,135</u>

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 30 June 2020. The directors are in the process of assessing the impact of the applications of these standards and its amendments to the extent relevant to the financial statements of the Company.

Notes to the Financial Statements - 30 June 2020

HOW THE NUMBERS ARE CALCULATED

This section of the notes provides additional information about those individual line items in the financial statements that directors consider most relevant in the context of the operations of the Company, including:

- (a) Accounting policies that are relevant for an understanding of the items recognised in the financial statements;
- (b) Analysis and subtotals; and
- (c) Information about estimates and judgements made in relation to particular items.

- 3. Revenue
- 4. Expenses
- 5. Financial assets and liabilities
- 6. Non-financial assets and liabilities
- 7. Reserves
- 8. Cash flow information

Notes to the financial statements cont'd

Note 3 Revenue

The following provides a further breakdown of CARE Australia's revenue by category of revenue and source:

	2020	2019
	\$	\$
<i>Income applied to AASB1058</i>		
REVENUE		
Donations		
Donations from the Australian public - Cash	9,050,468	10,719,757
Donations from the Australian public - in kind	66,226	142,987
Bequests	1,051,840	410,102
Total donations	<u>10,168,534</u>	<u>11,272,846</u>
JobKeeper support	325,500	-
Other income	562,606	711,546
Other income	<u>888,106</u>	<u>711,546</u>
<i>Income applied to AASB15</i>		
Revenue from contracts with customer (Grants and Contracts)		
Department of Foreign Affairs and Trade	12,202,267	11,609,530
Other Australian Government departments and non-government organisations	19,201,201	17,615,638
Other Australian organisations	187,290	45,000
Total other Australian grants	<u>19,388,491</u>	<u>17,660,638</u>
CARE International members	16,193,481	13,878,675
Multilateral agencies	5,783,712	4,590,094
Foreign governments and overseas based organisations	4,897,768	5,138,530
Total other overseas grants	<u>26,874,961</u>	<u>23,607,299</u>
Totals Revenue from contracts with customer (Grants and Contracts)	<u>58,465,719</u>	<u>52,877,467</u>
<i>Income applied to AASB9</i>		
Interest income	136,498	383,548
Dividends	257,172	281,953
Total investment income	<u>393,670</u>	<u>665,501</u>
Fair value gain on investments	-	386,872
Total revenue	<u>69,916,029</u>	<u>65,527,360</u>

Notes to the financial statements cont'd

Note 3 Revenue (continued)

a. Revenue recognition

(i) Grants, contracts and donations

CARE Australia is a non-profit organisation and receives a principal part of its funds from fundraising, bequests, government and other grants.

Funding received from donors who do not impose restrictions on the use of the funds or have general requirements is recognised as revenue on receipt in the accounting records. Funding received from donors with specific donor requirements as to what project the funds are to be spent on as well as sufficiently specific performance obligations are initially recorded as a contract liability under unexpended project funds and recognised as revenue when the performance obligation is met.

The company accesses all grant and contract funds received by following the five-step model to determine when revenue is recognised in line with *AASB 15 Revenue from Contracts with Customers*

1. Identifying the contracts with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue in accordance with the relevant accounting standard.

The performance obligation is satisfied, and revenue recognised over time when expenditure is incurred against the project because the customer simultaneously receives and consumes the benefits provided by the Company. Funding invoiced is typically due within 30 days from issue of invoice. CARE has determined its geographical market as Australia given CARE obtains the majority of its funding from Australian sources.

(ii) Donations from the Australian public - Cash

Donation revenue relates to donations from the public via cash, cheque or electronic payment (i.e. Bpay and/or credit card). The Company has determined that there are no enforceable obligations related to public donations as there is no return obligation, and although management intends to spend donation money on specific projects in line with the expectation of the donor, there is no public statement that would establish an enforceable contractual arrangement, therefore donation revenue is recognised upon receipt of donation.

(iii) Donations from Australian public – in kind

This revenue stream relates to donated goods and/or services. Revenue in respect of donated goods and/or services is recognised at the point in time that the goods and/or services are supplied to CARE Australia or our beneficiaries and where the value of the goods or services can be reliably measured.

(iv) Bequests

A bequest is a transfer made according to the provisions of a deceased person's will. Where specific requirements underpin the bequest, revenue is recognised in accordance with AASB 15. Where there are no specific terms bequest income is recognised upon receipt of the bequeathed item.

(v) Interest income

Interest is recognised on an accrual basis when the Company has a right to receive the interest payment.

Notes to the financial statements cont'd

Note 3 Revenue (continued)

(vi) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(vii) Grants and contracts impose specific restrictions and performance obligations

These obligations include the provision of services specified in each grant or contract. The company has determined that the obligations are met as the provision of services are provided as evidenced by incurring the expenditure to provide these services. The resultant impact is the revenue recognised in each period corresponds to the expenditure incurred under a particular grant or contractual arrangement.

The balance of contract liabilities and the amount of revenue recognised during the year is disclosed in Note 6(c).

Note 4 Expenses

a. Classification of expenses

The classification of expenses in the Statement of Comprehensive Income is in accordance with the requirements set out in the *ACFID Code of Conduct*. For further information on the Code, please refer to the *ACFID Code of Conduct Guidance* available at www.acfid.asn.au

(i) Funds to international programs

Funds to international programs relate to funds and gifts in kind actually remitted overseas to aid and development projects, plus the cost of remitting those gifts.

These costs may include (but are not limited to):

- Salaries of program staff or volunteers' costs working overseas, which might be paid from Australia,
- The cost of acquiring property, plant and equipment in Australia which is then sent overseas,
- Costs of programs implemented by international partners,
- Administration costs of overseas field offices or program partners, and
- Program expenditure (excluding secretariat fees) funded via international secretariats.

(ii) Program support costs

Program support costs include the direct cost of project management spent in Australia, including project design, monitoring and evaluation and project management. It includes the training and professional development of Australian based staff and volunteers involved in the effective management of international projects. It also includes the salaries of program support staff paid in Australia.

(iii) Community Education

Community Education includes all costs related to advocacy, informing and educating the Australian community of, and inviting their active involvement in, global justice, development and humanitarian issues. This includes the cost of producing and distributing materials, the cost of conducting educational and public policy activities and campaigns, and the cost of personnel involved in these activities.

Notes to the financial statements cont'd

Note 4 Expenses (continued)

(iv) Fundraising costs - Public

Fundraising costs - Public includes all costs related to the purpose of raising revenue from the public. Items include:

- The production and distribution of fundraising materials,
- The cost of promotional or marketing campaigns,
- The costs of establishing and maintaining public donor databases,
- Funds paid to third parties to provide fundraising services,
- Donation related bank fees, and
- The cost of personnel involved in preparing and conducting marketing and fundraising campaigns.

(v) Fundraising costs – Government, multilateral and private

Fundraising costs - Government, multilateral and private sector includes the costs of personnel and related expenses involved in the preparation of funding submissions for, and reporting against, grants from government, multilateral organisations, corporate and philanthropic organisations.

(vi) Accountability and administration

Accountability and Administration costs include costs (not able to be allocated to a program activity) associated with the overall operational capability of the organisation. These costs include (but are not limited to):

- audit and accounting services,
- legal fees,
- memberships and subscriptions,
- CARE international secretariat fees,
- office accommodation expenses (rent, maintenance, depreciation, utilities, etc.),
- bank charges (not donation related), and
- general staff training.

b. Specific expenses for the year

The following items are significant to the financial performance of the Company or are relevant to interpreting other notes in the financial statements:

	2020	2019
	\$	\$
Employee benefits expense	31,702,797	28,770,240
Depreciation expense	1,090,538	503,394
Lease expense	1,070,930	1,641,403

Notes to the financial statements cont'd

Note 5 Financial assets and liabilities

This note provides information about the Company's financial instruments, including:

- an overview of all financial instruments held by the Company,
- specific information about each type of financial instrument,
- accounting policies, and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

a. Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	476,588	139,774
Cash at bank	18,379,086	17,245,160
International revolving fund	318,957	315,614
	<u>19,174,631</u>	<u>17,700,548</u>

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days from acquisition, net of any outstanding bank overdrafts.

b. Financial Instruments

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

Financial assets at amortised cost

This category is the most relevant to the Company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised as profit or loss when the asset is derecognised, modified or impaired. The company's financial assets at amortised cost includes trade and other receivables and term deposits in the statement of financial position.

Notes to the financial statements cont'd

Note 5 Financial assets and liabilities (continued)

Investments held at fair value through Profit or Loss

Investments in Managed Funds are designated by the Company as fair value through profit or loss upon initial recognition, the rationale being the performance of these managed funds is evaluated on a fair value basis in accordance with the Board's investment strategy. Gains or losses on managed funds designated at fair value through the statement of comprehensive income are recognised as revenue or expense.

Investments at fair value consist of investments in Australian equities, managed funds and unit trusts and therefore have no fixed maturity date. During the year ended 30 June 2020, the fair value of the investments decreased by \$73,660 (2019: increase \$386,872) based on the published prices for each Australian equity holding, managed fund or unit trust as at 30 June.

c. Project advances

Project advances represent amounts prepaid to CARE Member Partners to implement projects in accordance with Individual Project Implementation Agreements or to CARE staff in the field. Advances are normally acquitted within 12 months for CARE Member Partners or one month for CARE staff.

d. Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	1,152,962	3,092,716
GST receivable	343,802	267,013
CARE International Members	241,736	201,320
Contracts asset project funds receivable	1,609,838	1,203,600
	<u>3,348,338</u>	<u>4,764,649</u>
Allowance for expected credit losses	(15,342)	(12,668)
Total trade and other receivables (net)	<u>3,332,996</u>	<u>4,752,981</u>

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any allowance for expected credit losses. Trade and other receivables are general due for settlement within 30 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Contracts asset project funds receivable

Project Funds Receivable represents amounts due to CARE Australia under project agreements where CARE Australia has pre-funded project expenditure. Amounts receivable are supported by project agreements and carried at nominal amounts due at balance date and are normally recovered within three months.

Notes to the financial statements cont'd

Note 5 Financial assets and liabilities (continued)

	2020	2019
	\$	\$
Receivables are aged as follows:		
Not overdue	823,838	255,981
Overdue by:		
0 to 30 days	845,678	623,329
31 to 60 days	49,293	2,669,098
61 to 90 days	-	-
More than 90 days	1,614,187	1,203,573
Total receivables (gross)	<u>3,332,996</u>	<u>4,751,981</u>

e. Investments

	2020	2019
	\$	\$
Listed investments at fair value in:		
Investment trusts	10,186,378	9,016,044
	<u>10,186,378</u>	<u>9,016,044</u>

Movement in investments

Balance at 1 July	9,016,044	8,348,583
Purchases	2,343,484	4,141,024
Disposals	(1,099,490)	(3,860,436)
Revaluation increment	(73,660)	386,872
Balance at 30 June	<u>10,186,378</u>	<u>9,016,044</u>

Investments are managed by Mutual Trust and Koda on behalf of CARE Australia. Mutual Trust and Koda hold a variety of investments which generate a return based on income from those investments and changes in the market value of investments. CARE Australia's investment in Mutual Trust and Koda can be redeemed on an at-call basis at the market value of investment at the date of redemption less certain fees and charges.

f. Trade and other payables

	2020	2019
	\$	\$
Current		
Trade creditors	596,112	1,084,043
Accruals	394,895	505,544
Other creditors	382,566	537,286
CARE International Members	42,181	1
Accrued salary payments	205,050	149,821
	<u>1,620,804</u>	<u>2,276,695</u>

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade liabilities are normally settled on 30 day terms.

Notes to the financial statements cont'd

Note 5 Financial assets and liabilities (continued)

g. Fair value measurement

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2020				Year ended 30 June 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$	\$	\$	\$	\$
Investments at fair value through profit and loss	307,454	9,878,924	-	10,186,378	321,258	8,694,786	-	9,016,044
	<u>307,454</u>	<u>9,878,924</u>	<u>-</u>	<u>10,186,378</u>	<u>321,258</u>	<u>8,694,786</u>	<u>-</u>	<u>9,016,044</u>

CARE Australia uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The fair value is estimated based on the published unit prices for each managed fund or unit trust as at 30 June.

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no transfers between level 1, level 2 and level 3 during the period.

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities

This note provides information about the Company's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
 - property, plant and equipment (note 6(a))
 - provisions (note 6(b))
 - unexpended project fund (note 6(c))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

a. Property, plant and equipment

	Leasehold Improvements \$	Plant & Equipment \$	Computer Systems \$	Motor Vehicles \$	Total \$
Cost					
As at 30 June 2018	1,031,858	881,560	2,192,135	1,157,449	5,263,002
Additions	141,553	34,904	117,851	494	294,802
Disposals	-	(4,748)	(24,517)	(69,396)	(98,661)
Adjustment	1	(11,174)	(469)	-	(11,642)
As at 30 June 2019	1,173,412	900,542	2,285,000	1,088,547	5,447,501
Additions	117,739	7,731	92,628	184,881	402,979
Disposals	-	-	(5,204)	(38,820)	(44,024)
Adjustment	4,414	-	-	-	4,414
At 30 June 2020	1,295,565	908,273	2,372,424	1,234,608	5,810,870
Depreciations and impairment					
As at 30 June 2018	(521,276)	(783,025)	(1,746,925)	(935,035)	(3,986,261)
Depreciation charge for the year	(116,029)	(55,155)	(255,199)	(77,012)	(503,394)
Disposals	-	6,329	21,589	24,917	52,835
As at 30 June 2019	(637,305)	(831,851)	(1,980,535)	(987,128)	(4,436,819)
Depreciation charge for the year	(126,689)	(43,465)	(189,214)	(68,520)	(427,888)
Disposals	-	-	4,337	27,820	32,157
As at 30 June 2020	(763,994)	(875,316)	(2,165,412)	(1,027,828)	(4,832,550)
Net book value					
At 30 June 2019	536,107	68,691	304,465	101,419	1,010,681
At 30 June 2020	531,571	32,957	207,012	206,780	978,320

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided on a straight line basis at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives to the Company.

Major depreciation periods are:

	2020	2019
Plant and equipment	4-5 years	4-5 years
Computer systems	3-5 years	3-5 years
Motor vehicles	3-5 years	3-5 years
Leasehold improvements	the lease term	the lease term

Impairment

The carrying values of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Company was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in revenue or expenses in the year the asset is derecognised.

b. Provisions

	2020	2019
Current	\$	\$
Employee benefits	3,244,203	3,403,862
Other provisions	59,385	49,707
	3,303,588	3,453,569
Non-Current		
Employee benefits	255,567	192,425
Make good provision	249,170	238,700
	504,737	431,125

Provisions are recognised when the Company has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of a past transaction or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

Employee benefits

Wages, salaries, superannuation, annual leave and sick leave

Provision is made for employee entitlement benefits accumulated as a result of services rendered by employees up to the reporting date. Employee benefits expected to be settled within one year have been measured at their nominal amount based on remuneration rates, which are expected to be paid when the liability is settled. Contributions are made by the Company to the Superannuation Funds nominated by employees and are charged as expenses when incurred.

Long service leave

The provision for long service leave is measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yields as at the reporting date of national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Make good provision

The lease agreement for the office premises in Melbourne includes a make good clause. It is considered that the make good arrangement is likely to be exercised and the amount can be reliably determined. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to refurbish the leased space and the expected timing of those costs. The lease for office premises in Canberra does not have a requirement for make good. The provision is reviewed annually.

Movements in the make good provision were as follows:	2020	2019
	\$	\$
As at 1 July	238,700	232,425
Write off of make good provision	-	-
Unwinding of discount factor	10,470	6,275
As at 30 June	<u>249,170</u>	<u>238,700</u>

c. Contract liabilities-Unexpended project funds

	2020	2019
	\$	Restated \$
As at 1 July	22,829,164	26,574,549
Received during the year	61,871,703	48,460,492
Released to the statement of profit or loss	(58,256,876)	(52,205,876)
As at 30 June	<u>26,443,991</u>	<u>22,829,164</u>

Income received for restricted purposes is recorded as a current liability under unexpended project funds with any unspent funds available for use in future years. The liability pertaining to each project would normally be settled over the contract term for that project, which may range from one month to three years.

This amount represents the unexpended liability on contracts with a range of humanitarian organisations to perform activities as agreed in the contract where the donor has provided funds in a

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

range of currencies including Australian Dollars (AUD), United States Dollars (USD), Euros, Great Britain Pounds, PGK and VATU. There are various foreign currency bank accounts that may create a natural hedge in certain circumstances. The AUD equivalent of cash, cash at bank or term deposits in foreign currencies at year end is \$17,506,246 (2019: \$17,012,611). The remainder of the funds are held in AUD.

d. Leases

Company as a lessee

The Company has lease contracts for various items of properties and other equipment used in its operations. Leases of properties generally have lease terms between 6 months and 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right of use assets recognised and movements during the period

	<i>Office Buildings</i>
	\$
As at 1 July 2019	2,969,566
Additions	134,921
Less: depreciation	<u>(662,650)</u>
As at 30 June 2020	<u><u>2,441,837</u></u>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

As at 1 July 2019	3,184,135
Additions	134,921
Accretion of interest	112,939
Payments	<u>(756,266)</u>
As at 30 June 2020	<u><u>2,675,729</u></u>

Lease liabilities

Current	631,366
Non-Current	<u>2,044,363</u>
Total	<u><u>2,675,729</u></u>

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

The following are the amounts recognised in profit or loss:

Depreciation expense of right -of -use assets	662,650
Interest expense on lease liabilities	112,939
Total amount recognised in profit or loss	<u>775,589</u>

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2020	2019
	\$	\$
Within one year	1,264,087	1,630,278
After one year but not more than five years	2,580,350	2,343,652
More than five years	-	-
Total	<u>3,844,437</u>	<u>3,973,930</u>

Notes to the financial statements cont'd

Note 7 Reserves

General reserves comprise the accumulated operating results of the Company. These funds are held to safeguard financial stability, enduring operating capacity and the capacity to strategically invest. The Company's Reserve Policy sets the minimum level of general reserves and outlines the process for the Board to approve the use of reserve funds.

Specific purpose reserves are unspent restricted donations carried forward for the purpose of spending on specific activities or programs in the future.

Foreign currency reserves comprise the cumulative unrealised foreign exchange gains or losses resulting from the revaluation of assets and liabilities held in foreign currency.

Note 8 Cash flow information

a. Reconciliation of net operating surplus to the net cash flows from operating activities:

	2020	2019
	\$	\$
Net operating (deficit)/surplus	(304,795)	(686,478)
Depreciation and amortisation	427,888	503,394
Net (gain) on investments designated at fair value through profit and loss	73,660	(386,872)
Gain on sale of property, plant and equipment	(6,881)	(9,053)
Asset write off	(4,414)	11,642
Net unrealised loss/(gain) on foreign exchange	276,400	27,419
Changes in assets and liabilities		
(Increase)/Decrease in receivables	1,418,985	(2,886,918)
(Increase)/Decrease in Right to Use Asset	(2,441,837)	-
Decrease/(Increase) in prepayments	101,008	93,595
Decrease/(Increase) in project advances	1,637,834	806,924
(Decrease)/increase in creditors and borrowings	(655,891)	520,138
(Decrease) in provisions	(76,369)	(197,723)
(Decrease)/increase in Lease Liabilities	2,675,729	-
(Decrease)/Increase in unexpended project funds	3,250,072	(4,538,167)
Lease Equity adjustment	31,165	-
Net cash flows (used in)/from operating activities	<u>6,402,554</u>	<u>(6,742,099)</u>

Notes to the Financial Statements - 30 June 2020

RISK

This section of the notes discusses the Company's exposure to various risks and shows how these could affect the Company's financial position and performance.

9. Significant accounting judgements, estimates and assumptions
10. Financial risk management

Notes to the financial statements cont'd

Note 9 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

This note provides an overview of the areas that involve a degree of judgement or complexity. Detailed information about estimates and judgements exercised and the basis for calculation is included in the relevant notes referenced below.

The areas are:

- Revenue recognition (Note 3)
- Fair value measurement of financial instruments (Note 5g)
- Useful life assessment of property, plant and equipment (Note 6a)
- Valuation and impairment of non-financial assets (Note 6a)
- Provision for employee benefits (Note 6b)
- Provision for make good of leases (Note 6b)

Management bases its judgements and estimates on historical experiences and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from estimates under different assumptions and conditions; however, these will not materially affect the financial results or the financial position reported in future periods.

Note 10 Financial risk management

The Company's principal financial instruments comprise cash, term deposits, receivables, payables and investments at fair value through profit or loss.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. Different methods are used to measure and manage these risks. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and equity prices. Monitoring of specific credit terms and ageing analysis is used to manage credit risk and budget reviews and cash flow forecasting assist with the management of liquidity risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees on policies for managing each of the risks identified above, which incorporates setting guidelines for trading in investments, managing foreign currency and interest rate risk, credit terms and future cash flow forecast projections.

Notes to the financial statements cont'd

Note 10 Financial risk management objectives and policies (continued)

The Company's Reserves Policy requires reserves to be maintained to safeguard the continued operations of Company's operations. This policy balances the need to safeguard financial security whilst simultaneously ensuring flexibility in meeting the development and humanitarian challenges of operating in a dynamic global environment.

Risk Exposures and Responses

a. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. CARE's exposure to market interest rates relates primarily to cash held at bank and term deposits.

At balance sheet date, CARE had the following financial assets exposed to variable interest rate risk in AUD:

	2020	2019
	\$	\$
Financial assets		
Cash	7,826,020	4,456,970
Term deposits	3,000,000	2,000,000
	10,826,020	6,456,970

The Company also had the following financial assets exposed to variable interest rate risk in USD:

	2020	2019
	\$	\$
Financial assets		
Term deposit	6,157,635	3,769,034
	6,157,635	3,769,034

The Company regularly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

Notes to the financial statements cont'd

Note 10 Financial risk management objectives and policies (continued)

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net surplus and equity would have been affected as follows:

<i>Judgements of reasonably possible movements</i>	Net surplus Higher / (Lower)		Equity Higher / (Lower)	
	2020 \$	2019 \$	2020 \$	2019 \$
Financial assets in AUD				
+0.5% (50 basis points)	54,130	32,285	54,130	32,285
- 0.5% (50 basis points)	(54,130)	(32,285)	(54,130)	(32,285)
Financial assets in USD				
+ 0.5% (50 basis points)	30,788	18,845	16,221	18,845
- 0.5% (50 basis points)	(30,788)	(18,845)	(16,221)	(18,845)

b. Foreign currency risk

As a result of significant operations in foreign countries, the Company's Statement of Financial Position can be affected significantly by movements in the USD/AUD exchange rates. The Company also has transactional currency exposures. Such exposure arises from funding received for projects and purchases made by Country Offices in currencies other than the functional currency, including USD and the local currency. A large proportion of costs are denominated in a currency other than the Company's functional currency of AUD.

Where the sources of funds are denominated in AUD, USD currency is purchased and transferred to Country Offices to fund foreign branches. To provide certainty in respect to the USD funds available to undertake projects, funds are normally exchanged to USD at the time of receipt by CARE.

In addition to having these funds in USD denominated accounts CARE also maintains bank accounts in Euro and other foreign currencies, which at the reporting date were for AUD equivalent of \$374,194 (2019: \$1,073,018). The Company has assessed that the foreign currency exposure to fluctuations in these non-USD denominated accounts is not material.

At 30 June 2020, the Company had the following exposure to USD foreign currency denominated balances that were not hedged:

	2020 \$AUD	2019 \$AUD
Financial assets		
Cash	11,348,611	10,304,688
Term deposits	6,157,635	3,769,034
Receivables	1,000,897	955,329
	<u>18,507,143</u>	<u>15,029,051</u>
Financial liabilities		
Payables	(3,263,483)	(2,727,044)
	<u>(3,263,483)</u>	<u>(2,727,044)</u>
Net exposure	<u>15,243,660</u>	<u>12,302,007</u>

Notes to the financial statements cont'd

Note 10 Financial risk management objectives and policies (continued)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2020, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, net surplus and equity would have been affected as follows:

<i>Judgements of reasonably possible movements</i>	Net surplus		Equity	
	Higher / (Lower)		Higher / (Lower)	
	2020	2019	2020	2019
	\$	\$	\$	\$
AUD/USD + 10%	(1,385,787)	(1,118,364)	(1,385,787)	(1,118,364)
AUD/USD – 10%	1,375,588	1,230,201	1,375,588	1,230,201

c. Market risk

Market risk is the risk that the fair value of equity securities held in the investment portfolio decreases. The Company manages this risk by periodically reviewing the asset allocation mix and outsourcing the management and administration of the investment portfolio to a professional investment advisor. The performance of the professional investment advisor is evaluated by the Finance and Risk Committee. Exposure at balance date is disclosed in Note 5(e).

The effect on the net surplus and equity as a result of a change in the fair value of the investment portfolio at 30 June 2020 due to a reasonable possible change in market indices, with all other variables held constant, is as follows:

<i>Judgements of reasonably possible movements</i>	Net surplus		Equity	
	Higher / (Lower)		Higher / (Lower)	
	2020	2019	2020	2019
	\$	\$	\$	\$
+ 10%	1,018,638	901,604	1,018,638	901,604
- 10%	(1,018,638)	(901,604)	(1,018,638)	(901,604)

d. Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and receivables. CARE's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such, collateral is not requested nor is it the Company's policy to securitise its receivables. These parties are typically the Department of Foreign Affairs and Trade, CARE Member Partners, the United Nations, other foreign governments and multilaterals.

Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Notes to the financial statements cont'd

Note 10 Financial risk management objectives and policies (continued)

There is minimum credit risk within the Company due to the nature of our donor partners and cash is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

e. Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. To limit this risk, management regularly monitors operational bank balances in relation to future funding needs, and transfers funds into or out of investment accounts as necessary. This function is performed by the Finance Department.

Maturity analysis of financial liabilities based on management's expectation.

The table below summarises the maturity profile of the financial liabilities at the end of the financial year, comprising trade creditors, accruals, other creditors, liabilities to CARE International Members and unexpended project funds:

	2020	2019
	\$	\$
6 months or less	1,620,804	2,276,695
6-12 months	26,360,213	22,745,385
1-5 years	-	-
Over 5 years	-	-
Payables	<u>27,981,017</u>	<u>25,022,080</u>

Notes to the Financial Statements - 30 June 2020

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

11. Events subsequent to the reporting date
12. Contingencies
13. Related party transactions
14. Key management personnel
15. Remuneration of auditors
16. Information required by *NSW Charitable Fundraising Act 1991*

Notes to the financial statements cont'd

Note 11 Events subsequent to the reporting date

There are no significant events subsequent to the reporting date.

Note 12 Contingencies

As at 30 June 2020 the Company did not have any contingent assets or liabilities (2019: Nil).

Note 13 Related party transactions

Director transactions

The Directors did not receive any remuneration for their services. Expenses incurred by Directors on behalf of the Company are reimbursed on a cost only basis if requested. An amount of \$14,500 (2019: \$11,195) was paid for Directors and Officers liability insurance.

Director-related entity transactions

During the year, CARE Australia received \$6,714 consulting services from PwC related to Executive Team development. The CARE Chair, Marcus Laithwaite, is a Senior Partner at PwC.

Notes to the financial statements cont'd

Note 14 Key management personnel

a. Details of key management personnel

(i) Directors (non – executive)

<i>Chairman</i>	Marcus Laithwaite (from 6 March 2020)
	Colin Galbraith AM (to 6 March 2020)
<i>Vice Chair</i>	Peter Debnam (to 1 November 2019)
<i>Treasurer</i>	Joseph Tesvic (from 6 March 2020)
	Marcus Laithwaite (to 6 March 2020)
<i>Board Members</i>	Paula Benson (to 6 March 2020)
	Dr Megan Clark AC (to 30 June 2020)
	David Feetham
	Danielle Keighery (to 1 November 2019)
	Diana Nicholson (from 26 July 2019)
	Larke Riemer AO (to 1 May 2020)
	Peter Varghese (from 26 July 2019)
Dr Phoebe Wynn-Pope	

(ii) Executives

Peter Walton	Chief Executive (from 23 January 2020)
Sally Moyle	Chief Executive (to 2 August 2019)
Louise Gray	Chief Operating Officer and Company Secretary
Emma Tiaree	Principal Executive – Global Programming and Partnerships (to 15 January 2020)
Howard Ralley	Chief Fundraising and Engagement Officer (to 20 September 2019)
Cath Hoban	Director Fundraising and Marketing (from 12 November 2019)
Robert Yallop	Principal Executive – International Operations (to 2 July 2019)

Notes to the financial statements cont'd

b. Compensation of Key management personnel - Executives

	2020	2019
	\$	\$
Short term employee benefits	691,835	996,407
Post-employment benefits	74,979	94,659
Termination benefit	230,763	-
	<u>997,577</u>	<u>1,091,066</u>

Executive remuneration figures for 2019-20 are affected by the departure of long term staff and associated payment of entitlements.

Note 15 Remuneration of auditors

Amounts received or due and receivable by Ernst & Young Australia for:	2020	2019
	\$	\$
An audit or review of the financial report of the Company	102,960	98,800
Other services in relation to the Company		
- USAID audits (reimbursed to CARE Australia by CARE USA)	-	-
	<u>102,960</u>	<u>98,800</u>

Notes to the financial statements cont'd

Note 16 Information required by the *NSW Charitable Fundraising Act 1991*

a. Details of aggregate gross income and total expenses for fundraising appeals

<u>Proceeds from fundraising appeals</u>	2020	2019
	\$	\$
Donations	9,116,694	10,862,744
Bequests	1,051,840	410,102
Gross proceeds from fundraising appeals	10,168,534	11,272,846
<u>Total expenses for fundraising appeals</u>		
Donations	3,967,885	4,174,323
Total expenses for fundraising appeals	3,967,885	4,174,323
Net surplus from fundraising appeals	6,200,649	7,098,523

b. Statement showing how funds received are applied for charitable purposes

	2020	2019
	\$	\$
Net surplus obtained from fundraising appeals	6,200,649	7,098,523
Applied for charitable purposes as follows:		
International programs	60,711,491	55,019,311
Program support costs	2,374,626	3,535,990
Community education	985,546	996,844
Cost of raising program funds from government and multilateral agencies	190,660	186,025
Accountability and administration	1,924,390	2,158,358
Non-monetary expenditure	66,226	142,987
Total expenses	66,252,939	62,039,515
(Shortfall) / surplus	(60,052,290)	(54,940,992)

Shortfall was met from the following sources	2020	2019
	\$	\$
DFAT grants	12,202,267	11,609,530
Other Australian grants	19,388,491	17,660,638
Other overseas grants	26,874,961	23,607,299
Investment income	393,670	665,501
Other income	888,106	711,546
	59,747,495	54,254,514
Net surplus transferred to accumulated funds for future use	(304,795)	(686,478)

For the purposes of the *NSW Charitable Fundraising Act 1991* all fundraising activities were related to public appeals.

Notes to the financial statements cont'd

Note 18 Information required by the *NSW Charitable Fundraising Act 1991* (continued)

COMPARISON BY PERCENTAGE	2020 %	2019 %
Total Cost of Public Fundraising/Revenue from the Australian Public	39	37
Net surplus from Fundraising/Revenue from the Australian Public	61	63

Commencing in 2016 and continuing through to 2018 CARE Australia invested in public engagement in order to diversify sources of revenue. Coinciding with this was a thankfully quieter period in sudden onset disasters which reduced income from Emergency appeals. Both factors resulted in a higher fundraising ratio over the financial years from 2016-2018. This was forecast to reduce in financial year 2018-2019, which it did, largely as a result of pausing the investment in fundraising growth, moving forward only to increase again in FY20 due to Covid-19 impacts on public fundraising across the sector.

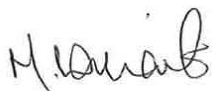
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of CARE Australia, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, and International Financial Reporting Standards issued by the International Accounting Standards Board, and the *Australian Charities and Not-for-Profits Commission Regulations 2013*;
- (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;
- (c) the provisions of the *Charitable Fundraising Act 1991 (New South Wales)* and the regulations under the Act and the conditions attached to the authority have been complied with;
- (d) the provisions of the *Charitable Fundraising Act 1946 (Western Australia)* and the regulations under the Act and the conditions attached to the authority have been complied with; and
- (e) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the Board

A handwritten signature in black ink, appearing to read "M. Laithwaite".

Marcus Laithwaite

Chair

A handwritten signature in black ink, appearing to read "Joseph Tesvic".

Joseph Tesvic
Treasurer

6 November 2020

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of CARE Australia

In relation to our audit of the financial report of CARE Australia for the financial year ended 30 June 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Anthony Ewan
Partner
6 November 2020

AUDITOR'S OPINION



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Independent Auditor's Report to the Members of CARE Australia

Report on the Financial Report

Opinion

We have audited the financial report of CARE Australia (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Directors Report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.



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Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of CARE Australia has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2020, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
 - ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;
 - iii. the WA Charitable Collections Act (1946); and
 - iv. the WA Charitable Collections Regulations (1947).

- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2020 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Anthony Ewan'.

Anthony Ewan
Partner
Sydney
6 November 2020