



CARE AUSTRALIA

ABN 46 003 380 890

# FINANCIAL REPORT

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For the year ended 30 June 2023

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## DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2023.

### 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, Board member from 21 July 2017)

*Treasurer*            Joseph Tesvic (from 6 March 2020, Board member from 6 September 2016)

*Board Members*    Dr Phoebe Wynn-Pope (from 26 October 2018)

Diana Nicholson (from 26 July 2019)

Peter Varghese AO (from 26 July 2019)

Joanne Thomson (from 20 May 2021)

Morgana Ryan (from 20 May 2021)

## **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 Committee; Fundraising and Marketing 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 2022-23 financial year were Dr Phoebe Wynn-Pope (Chair), Mr Peter Varghese AO and Ms Joanne Thomson.

The members of the Finance and Risk Committee during the 2022-23 financial year were Mr Joseph Tesvic (Chair), Mr Marcus Laithwaite, Ms Joanne Thomson and Ms Diana Nicholson.

The members of the People Committee during the 2022-23 financial year were Ms Diana Nicholson (Chair), Ms Morgana Ryan and Mr Marcus Laithwaite.

The members of the Fundraising and Marketing Committee during the 2022-23 financial year were Mr Marcus Laithwaite (Chair), Mr Joseph Tesvic, Ms Morgana Ryan and Ms Natalie Kyriacou OAM.

The Governance and Nominations Committee did not meet during the 2022-23 financial year.

## 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		Finance & Risk		Fundraising & Marketing	
	A	B	A	B	A	B	A	B	A	B
Marcus Laithwaite	5	5	0	0	5	4	6	6	4	4
Joanne Thomson	5	5	4	3	0	0	6	6	0	0
Joseph Tesvic	5	5	0	0	0	0	6	6	4	4
Dr Phoebe Wynn-Pope	5	5	4	4	0	0	2*	1	0	0
Diana Nicholson	5	5	0	0	5	5	6	6	0	0
Peter Varghese AO	5	4	4	4	0	0	2*	1	0	0
Morgana Ryan	5	4	0	0	5	5	2*	1	4	4

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

B – the number of meetings attended

\* There were two Finance & Risk Committee meetings during the year that all Board members were invited to attend, however attendance was not mandatory

## 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.

In support of the objects of the Company, in 2021 CARE Australia outlined a new strategic ambition, "Supporting Women, Defeating Poverty", focused on maximising its impact across three domains: gender, climate and economic justice. CARE Australia is targeting its efforts mostly to Asia-Pacific, working in partnership with local communities, organisations and governments to ensure women: 1) have equal opportunities to earn an income and have sustainable livelihoods; 2) gain access to their fair share of resources; 3) lead and participate in decisions that affect their lives; and 4) have the resilience to withstand the increasing impacts of climate disasters and other crises and shocks.

### 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 state of New South Wales.

## Directors' Report Cont'd

### Operating Results

CARE Australia recorded a deficit of \$3.9m in 2022/23 (2021/22: \$0.5m), comprising a \$2.8m deficit on continuing operations (2021/22: \$2.5m surplus) and a \$1.1m deficit on discontinued operations (2021/22: \$3.0m). As part of its strategic plan, in 2021/22 the Company commenced the transition of management oversight of its four offices in the Mekong river region (Cambodia, Laos, Myanmar and Vietnam) to CARE USA. This will provide the Company the opportunity to enhance the impact of its country office operations and programs in the Pacific region. This transition was ongoing during 2022/23. The financial performance and position of these offices has been separately disclosed in the financial statements to enable a better understanding of the Company's ongoing operating result. More details of these items are disclosed at note 5.

The Company was fortunate to receive continued support from the Australia public, albeit noting a reduction in donations from continuing operations from \$12.3m in 2021/22 to \$9.7m in 2022/23. This reduction was largely driven by macroeconomic pressures combined with reduced donations for humanitarian responses. Grant income from continuing operations reduced by \$0.8m from the previous year, with a decrease in income from Australian funders offset by an increase from overseas funders. Overall income from continuing operations decreased by \$1.2m from the prior year. A strong positive performance in our investment portfolio offset some of the reductions in other income streams.

Expenditure on continuing operations increased by \$4.0m compared to the previous year. CARE Australia spent \$1.6m more than 2021/22 on Funds to International Programs, as it was spending grant funds and humanitarian appeals funds that had been received in the previous year. The Company also continued our intentional investment in our organisational capacity to deliver on our strategic plan. This has included setting up CARE Australia's new microfinance program for launch in 2023/24, continuing to improve the mechanisms that the Company has in place to safeguard vulnerable people and deliver high impact programs, and further upgrades to financial software. This strategic investment will continue into 2023/24 so that CARE Australia is well positioned to deliver on our strategic commitments.

### Performance Measures

The Company measures its performance in many ways, including:

- Monitoring and evaluating individual projects and our overarching program.
- 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.

## Directors' Report Cont'd

### Performance Measures cont'd

- 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 at a reasonable proportion of total income.
- Monitoring risk and compliance indicators.

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.

### Significant Changes in the State of Affairs

As mentioned in the Operating Results section, the Company is in the process of transitioning the management oversight of its four offices in the Mekong river region (Cambodia, Laos, Myanmar and Vietnam) to CARE USA. Apart from this, there were no significant changes in the state of affairs of the Company.

### Employees

As at 30 June 2023, the Company employed 87 staff (2022: 87 staff) on Australian contracts and 550 staff (2022: 681 staff) on contracts entered into in other countries including Laos, Myanmar, Papua New Guinea, Timor-Leste and Vanuatu.

### Matters Subsequent to the end of the Financial Year

Apart from matters disclosed in Note 9 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 \$20,416 (2022: \$17,103). This amount is declared in Note 11 to the financial statements.

### Indemnification of auditors

No payment has been made to indemnify its auditors, 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 FROM MARCH 2020*

##### **Marcus Laithwaite**

Director since 2017.

Partner, PwC Australia; Chair of CARE International's Governance and Nominations Committee.

Formerly – Chair of ChildFund Australia, Director of the PwC Foundation, Board member and Treasurer of the European Australian Business Council and Chair of the Finance & Audit Committee of Sydney Living Museums.

#### *TREASURER FROM MARCH 2020*

##### **Joseph Tesvic**

Director since 2016.

Senior Partner, McKinsey & Company. Leader of McKinsey's Operations Improvement Practice for Asia-Pacific and Consumer Practice for Australia and New Zealand.

#### *MEMBERS*

##### **Diana Nicholson**

Director since 2019

Senior Partner, King & Wood Mallesons; KWM Financial Services Sector Leader; Member and Acting President, Takeovers Panel; Trustee, Melbourne and Olympic Parks.

##### **Peter Varghese AO**

Director since 2019.

Chancellor of The University of Queensland. Director, North Queensland Airports; Chair, Asialink Advisory Council; Chair, Editorial Advisory Board, DFAT Historical Documents Series; Member, International Governing Board of the Rajaratnam School of International Studies in Singapore; Counsellor, Dragoman Global.

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.

## Directors' Report Cont'd

### Particulars of Directors cont'd

#### **Dr Phoebe Wynn-Pope**

Director since 2018

Head of Responsible Business and ESG, Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth. Chair, University of New South Wales Australian Human Rights Institute Advisory Committee; Director, Business and Human Rights Lawyers Association, Ambassador for the Community Refugee Sponsorship Australia; 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.

#### **Morgana Ryan**

Director since 2021.

Board Director of Wodonga Institute of TAFE. Fellow of the Australian Institute of Company Directors. Co-Author, Building a Better International NGO and Navigating Change for International NGOs.

Formerly - Chair of Infoxchange, Chair of Connecting Up.

#### **Joanne Thomson**

Director since 2021.

Co-Founder and Lead Advisor with Learning4Development Pty Ltd. Master of International Public Health and Graduate Diploma in International Social Development. Board Director, Accountable Now (Berlin); Independent Review Panel, GAVI.

Formerly - Board Director and Vice Chair, ChildFund Australia.

## Directors' Report Cont'd

### Particulars of Directors cont'd

#### *COMPANY SECRETARY*


##### **Sue Cunningham**

Company Secretary since 2022.

Formerly - Chair of The Community Grocer (a social enterprise); member Victorian Government Bushfire Appeal Advisory Panel; member Australian Red Cross Bushfire Advisory Panel; member Bapcare Transformation Board Sub-Committee; member Quality & Risk Board Sub-Committee, Metropolitan Ambulance Service; member Ministerial Committee for Emergency Services Telecommunications (Vic Govt). Graduate Member, Australian Institute of Company Directors (AICD); Bachelor of Electrical and Electronic Engineering; Bachelor of Arts; Graduate Diploma in Business Management.

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 11 to the financial statements.

Signed in accordance with a resolution of the Directors.



Marcus Laithwaite  
Chair



Joseph Tesvic  
Treasurer

30 November 2023

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

		2023	2022
		\$	\$
<b>REVENUE</b>	<i>Note</i>		
<b>Revenue</b>			
Donations Monetary	3	8,542,069	11,594,303
Donations Non-monetary	3	311,566	299,417
Bequests and Legacies	3	861,126	443,865
<b>Total Revenue from Donations and Bequests</b>		<b>9,714,761</b>	<b>12,337,585</b>
<b>Revenue from contracts with customers (Grants and Contracts)</b>			
Department of Foreign Affairs and Trade	3	3,600,339	5,138,257
Other Australian Grants and Contracts	3	16,129,339	18,974,080
Overseas Grants and Contracts	3	19,034,166	15,471,902
<b>Total Revenue from contracts with customers</b>		<b>38,763,844</b>	<b>39,584,239</b>
Investment income/(loss)	3	1,405,064	(695,266)
Other income	3	375,479	278,086
<b>Total revenue and income</b>	3	<b>50,259,148</b>	<b>51,504,644</b>
<b>EXPENDITURE</b>			
International programs			
Funds to international programs	4(a)(i)	38,436,801	36,794,684
Program support costs	4(a)(ii)	4,613,106	3,121,275
Community education	4(a)(iii)	1,337,942	1,324,788
Fundraising costs			
Public	4(a)(iv)	2,779,367	3,529,114
Government, multilateral and private	4(a)(v)	686,431	544,893
Accountability and administration	4(a)(vi)	4,899,509	3,422,487
Non-monetary expenditure – Australian based		311,566	299,417
<b>Total expenditure</b>		<b>53,064,722</b>	<b>49,036,658</b>
<b>NET (DEFICIT) / SURPLUS FROM CONTINUING OPERATIONS</b>		<b>(2,805,574)</b>	<b>2,467,985</b>
<b>COMPREHENSIVE INCOME/(EXPENDITURE)</b>			
<b>Discontinued Operations</b>			
(Deficit) for the year from Discontinued Operations	5	(1,168,968)	(2,960,498)
Other comprehensive income		-	-
<b>Total comprehensive (expenditure) for the year</b>		<b>(1,168,968)</b>	<b>(2,960,498)</b>
<b>NET (DEFICIT) AFTER COMPREHENSIVE INCOME/(EXPENDITURE)</b>		<b>(3,974,542)</b>	<b>(492,513)</b>

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6(a)	18,034,880	25,414,749
Term deposits		500,000	2,000,000
Prepayments		601,101	456,109
Project advances	6(c)	10,707,578	2,915,435
Trade and other receivables	6(d)	239,094	5,270,522
		<b>30,082,653</b>	<b>36,056,815</b>
Assets held for sale	5	4,596,537	6,165,208
<b>TOTAL CURRENT ASSETS</b>		<b>34,679,190</b>	<b>42,222,023</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	6(b)	333,647	385,278
Property, plant and equipment	7(a)	710,107	990,987
Right of Use Assets	7(d)	134,462	2,119,838
Investments	6(b)(e)	13,018,214	11,638,319
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,196,430</b>	<b>15,134,422</b>
<b>TOTAL ASSETS</b>		<b>48,875,620</b>	<b>57,356,445</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6(f)	3,689,850	3,967,069
Provisions	7(b)	3,107,939	2,735,728
Lease liabilities	7(d)	98,730	513,425
Contract liabilities	7(c)	18,794,214	19,863,085
		<b>25,690,733</b>	<b>27,079,307</b>
Liabilities directly associated with the assets held for sale	5	7,654,614	8,951,619
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,345,347</b>	<b>36,030,926</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	7(b)	191,564	386,468
Lease liabilities	7(d)	41,137	1,666,937
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>232,701</b>	<b>2,053,405</b>
<b>TOTAL LIABILITIES</b>		<b>33,578,048</b>	<b>38,084,331</b>
<b>NET ASSETS</b>		<b>15,297,572</b>	<b>19,272,114</b>
<b>EQUITY</b>			
General reserve		14,195,002	17,368,025
Specific purpose reserve		1,188,317	1,661,787
Foreign currency reserve		(85,747)	242,302
<b>TOTAL EQUITY</b>		<b>15,297,572</b>	<b>19,272,114</b>

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

## STATEMENT OF CHANGES IN EQUITY

### For the year ended 30 June 2023

Statement of Changes in Equity	Note	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2022	8	17,368,025	1,661,787	242,302	19,272,114
Net operating surplus for the year		(3,173,023)	(473,470)	(328,049)	(3,974,542)
Other comprehensive income for the year		-	-	-	-
Amounts transferred (to)/from reserves		-	-	-	-
Balance at 30 June 2023	8	<b>14,195,002</b>	<b>1,188,317</b>	<b>(85,747)</b>	<b>15,297,572</b>

### For the year ended 30 June 2022

Statement of Changes in Equity	Note	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2021	8	19,674,346	1,133,110	(1,042,829)	19,764,627
Net operating surplus for the year		(2,306,321)	528,677	1,285,131	(492,513)
Other comprehensive income for the year		-	-	-	-
Amounts transferred (to)/from reserves		-	-	-	-
Balance at 30 June 2022	8	<b>17,368,025</b>	<b>1,661,787</b>	<b>242,302</b>	<b>19,272,114</b>

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

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	<i>Note</i>	<b>2023</b>	<b>2022</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts from public donations		9,153,727	12,037,610
Grants and contract receipts		57,772,112	51,375,461
Interest income		476,784	12,061
Other income		616,955	427,345
Payments to suppliers and employees		(76,223,258)	(66,154,575)
<b>Net cash flows (used in) operating activities</b>		<b>(8,203,680)</b>	<b>(2,302,098)</b>
<b>Cash flow from investing activities</b>			
Payments for property, plant and equipment		(276,345)	(400,763)
Proceeds from sale of property, plant and equipment		33,680	57,542
Net cash from investments		1,258,729	5,339,578
<b>Net cash flows from investing activities</b>		<b>1,016,064</b>	<b>4,996,357</b>
<b>Cash flow from financing activities</b>			
Payments for lease principal and interest		(523,402)	(1,040,246)
<b>Net cash flows (used in) financing activities</b>		<b>(523,402)</b>	<b>(1,040,246)</b>
<b>Net (decrease)/increase in cash held</b>		<b>(7,711,018)</b>	<b>1,654,013</b>
Net foreign exchange differences		(54,718)	2,832,714
Cash and cash equivalents at the beginning of the year		29,168,339	<b>24,681,612</b>
<b>Cash and cash equivalents at the end of the year</b>	6(a)	<b>21,402,603</b>	<b>29,168,339</b>

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



## CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

### **Basis of preparation**

1. Corporate information
2. Basis of preparation and significant accounting policies

### **How the numbers are calculated**

3. Revenue
4. Expenses
5. Discontinued operations
6. Financial assets and liabilities
7. Non-financial assets and liabilities
8. Reserves

### **Other information**

9. Events subsequent to the reporting date
10. Contingencies
11. Related party transactions
12. Key management personnel
13. Remuneration of auditors
14. Information required by *NSW Charitable Fundraising Act 1991*
15. Information required by *Australian Council For International Development (ACFID)*

## Notes to the Financial Statements - 30 June 2023

### BASIS OF PREPARATION

#### Note 1 Corporate information

The financial report of CARE Australia (the Company) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors dated 30 November 2023.

The principal activities of the Company during the year were to manage humanitarian and development 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.

CARE Australia is a Company limited by guarantee incorporated in Australia. The Company is a registered charity with the Australian Charities and Not-for-Profits Commission and holds deductible gift recipient status and is exempt from income tax.

National Office  
Level 4,  
53 Queen St  
Melbourne VIC 3000  
Phone 1800 020 046

#### a. *Liability of members*

As at 30 June 2023 there were seven full members guaranteeing to contribute up to \$100 each in the event of the Company being wound up.

#### Note 2a 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 Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, 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 statements have been prepared under the simplified disclosure standard *AASB1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

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 (\$). This is the functional and presentation currency of the Company.

The financial report has been prepared in compliance with the Australian Council for International Development (ACFID) Code of Conduct. For more information about the Code of Conduct, refer to <https://acfid.asn.au/content/read-code>.

## Notes to the financial statements cont'd

### Note 2b Significant accounting policies

#### i. Foreign currencies

##### *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 Profit or Loss and Other Comprehensive Income as revenue or expense.

#### ii. 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 2b Significant accounting policies cont'd

#### iii. *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 6b)
- Useful life assessment of property, plant and equipment (Note 7a)
- Valuation and impairment of non-financial assets (Note 7a)
- Provision for employee benefits (Note 7b)

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.

#### iv. *Changes in accounting policy and disclosures*

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 2023. Management 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 2023

### 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. Discontinued Operations
- 6. Financial assets and liabilities
- 7. Non-financial assets and liabilities
- 8. Reserves

## Notes to the financial statements cont'd

### Note 3 Revenue from continuing operations

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

	2023	2022
	\$	\$
<b>Income applied to AASB1058</b>		
<b>REVENUE</b>		
<b>Donations</b>		
Donations Monetary	8,542,069	11,594,303
Donations Non Monetary	311,566	299,417
Bequests and Legacies	861,126	443,865
<b>Total donations</b>	<b>9,714,761</b>	<b>12,337,585</b>
Other income	375,479	278,086
<b>Other income</b>	<b>375,479</b>	<b>278,086</b>
<b>Income applied to AASB15</b>		
<b>Revenue from contracts with customers (Grants and Contracts)</b>		
Department of Foreign Affairs and Trade (DFAT)	3,600,339	5,138,257
Other Australian Government departments	2,345,746	2,348,692
Non-government organisations including managing contractors (funding source: DFAT)	12,226,074	15,327,835
Non-government organisations (funding source: non-DFAT)	418,589	1,018,947
Other Australian organisations	1,138,930	278,606
<b>Total other Australian grants and contracts</b>	<b>16,129,339</b>	<b>18,974,080</b>
CARE International members	13,843,308	9,479,183
Multilateral agencies	2,562,143	3,394,187
Foreign governments and overseas based organisations	2,628,715	2,598,532
<b>Total other overseas grants and contracts</b>	<b>19,034,166</b>	<b>15,471,902</b>
<b>Totals Revenue from contracts with customers (Grants and Contracts)</b>	<b>38,763,844</b>	<b>39,584,239</b>
<b>Income applied to AASB9</b>		
Interest income	163,809	9,421
Dividends	309,294	535,795
Fair value gain/(loss) on investments	931,961	(1,240,482)
<b>Total investment income</b>	<b>1,405,064</b>	<b>(695,266)</b>
<b>Total revenue and other income</b>	<b>50,259,148</b>	<b>51,504,644</b>

## Notes to the financial statements cont'd

### Note 3 Revenue from continuing operations (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 grants, contracts, bequests and donations. The Company receives both unrestricted and restricted funding, which are treated differently for the purposes of revenue recognition as follows:

- *Donations - Monetary* are received from donors who do not impose restrictions on the use of the funds. Consequently, there is no time restriction imposed as to when the funds can be used so the donations are recognised as revenue on receipt in the accounting records.
- *Revenue from contracts with customers (Grants and contracts)* are received from donors with specific requirements as to what project the funds are to be spent on. Where donor directions impose specific restrictions on fund usage and funds may be required to be repaid, the income is initially recorded as a current liability under contracts liabilities and recognised as revenue when expended. Restricted donations with general donor requirements are recognised as revenue on receipt in the accounting records. Any contract liabilities are held in a specific purpose reserve for use in future years.
- *Bequests* are received from deceased person's will. As there are no terms established between CARE Australia and the estate, which is within the scope of AASB1058 and recognised as revenue on receipt.

##### (ii) Donations Non Monetary

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

##### (iii) Interest income

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

##### (iv) Dividends

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

### 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 <https://acfid.asn.au/content/financial-definitions>.

## Notes to the financial statements cont'd

### Note 4 Expenses (continued)

#### (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 funds.

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.

#### (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 sector

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.



## Notes to the financial statements cont'd

### Note 4 Expenses (continued)

#### (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,
- staff salaries,
- 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 from continuing operations

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Employee benefits expense	25,537,427	23,980,942
Depreciation expense	656,078	1,046,197

### Note 5 Discontinued Operations

#### *Mekong region operations transition to Care USA*

On 1 June 2022, CARE Australia's Board approved the proposal to transition the Mekong region country offices to oversight by CARE USA. Transition of oversight of the Cambodia and Vietnam operations occurred on 31 December 2022, Laos on 30 June 2023 and Myanmar operations are expected on 31 January 2024. As at 30 June 2023, the remaining Mekong region operations were classified as a disposal group held for sale and as a discontinued operation.

## Notes to the financial statements cont'd

### Note 5 Discontinued Operations (continued)

The major classes of assets and liabilities of the Mekong region operations classified as held for sale as at 30 June 2023 are as follows:

	2023	2022
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	3,367,723	3,753,590
Prepayments	125,991	291,676
Project Advances	1,047,284	962,939
Trade and other receivables	-	914,974
Property, plant and equipment	9,771	79,749
Right of use assets	45,768	162,280
<b>Assets held for sale</b>	<b>4,596,537</b>	<b>6,165,208</b>
<b>Liabilities</b>		
Trade and other payables	1,803,420	632,048
Provisions	1,929,940	2,512,940
Lease liabilities	48,244	185,868
Unexpended project funds	3,873,010	5,620,763
<b>Liabilities directly associated with the assets held for sale</b>	<b>7,654,614</b>	<b>8,951,619</b>
<b>Net (liabilities) directly associated with disposal group</b>	<b>(3,058,077)</b>	<b>(2,786,411)</b>

There were \$279,492 (2022: \$442,448) of net operating cash outflows, \$113,359 (2022: \$8,413) of net investing cash outflows and \$137,623 (2022: \$141,878) of net financing cash outflows from discontinued operations for the financial year. The net decrease in cash from discontinued operations was \$385,867 (2022: increase \$292,157) for the financial year.

### Note 6 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.

## Notes to the financial statements cont'd

### Note 6 Financial assets and liabilities (continued)

#### a. Cash and cash equivalents

	2023 \$	2022 \$
Cash on hand	130,394	349,939
Cash at bank	17,588,107	24,772,263
International revolving fund	316,379	292,547
<b>Total cash related to continuing operations</b>	<b>18,034,880</b>	<b>25,414,749</b>
Cash related to discontinued operations	3,367,723	3,753,590
<b>Total cash and cash equivalents</b>	<b>21,402,603</b>	<b>29,168,339</b>

For the purposes of the Statement of Financial Position and 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. The International revolving fund is the contribution to the CARE International fund to support confederation-wide activity. Cash at bank earns interest at floating rates based on market daily deposit rates.

#### **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 6 Financial assets and liabilities (continued)

#### b. Financial instruments (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 fair value gains or losses in the Statement of Profit or Loss and other Comprehensive Income.

Investments at fair value consist of investments in Australian equities, managed funds and unit trusts and generally have no fixed maturity date. During the year ended 30 June 2023, the fair value of the investments increased by \$931,961 (2022: decreased \$1,240,482) 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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	149,855	4,520,854
GST receivable	-	420,890
CARE International Members	-	97,445
Contracts asset project funds receivable	91,239	235,333
	<b>241,094</b>	<b>5,274,522</b>
Allowance for expected credit losses	(2,000)	(4,000)
Total trade and other receivables (net)	<b>239,094</b>	<b>5,270,522</b>

##### *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 generally 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.

## Notes to the financial statements cont'd

### Note 6 Financial assets and liabilities (continued)

#### d. Trade and other receivables (continued)

##### *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.

#### e. Investments

	2023	2022
	\$	\$
Listed investments at fair value through profit or loss in:		
Investment trusts	13,018,214	11,638,319
	<b>13,018,214</b>	<b>11,638,319</b>

Investments in 2023 were managed by Koda Capital on behalf of CARE Australia. Koda Capital held 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 investments managed by Koda Capital could generally be redeemed on an at-call basis at the market value of investment at the date of redemption less certain fees and charges. A small portion of the investments are less liquid and can be redeemed at set time periods for the market value of the investment less certain fees and charges.

#### f. Trade and other payables

	2023	2022
	\$	\$
<b>Current</b>		
Trade creditors	1,778,421	3,084,126
Accruals	804,577	379,725
GST Payable	184,749	-
CARE International Members	104,417	-
Other creditors	708,287	224,522
Accrued salary payments	109,399	278,696
	<b>3,689,850</b>	<b>3,967,069</b>

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 7 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 7(a))
  - provisions (note 7(b))
  - unexpended project funds (note 7(c))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

## Notes to the financial statements cont'd

### Note 7 Non-financial assets and liabilities (continued)

#### a. Property, plant and equipment

	Leasehold Improve'ts \$	Plant & Equipment \$	Computer Systems \$	Motor Vehicles \$	Assets Held For Sale \$	Total \$
<b>Cost</b>						
<b>At 30 June 2021</b>	<b>1,292,896</b>	<b>909,901</b>	<b>2,423,186</b>	<b>1,488,372</b>	<b>-</b>	<b>6,114,355</b>
Additions	134,820	5,617	144,591	115,735	-	400,763
Disposals	(50,296)	(4,462)	(9,120)	(93,825)	-	(157,703)
Adjustments	-	(1)	(1)	-	-	(2)
Movement to assets held for sale	(113,530)	(316,688)	(564,432)	(545,257)	1,539,907	-
<b>At 30 June 2022</b>	<b>1,263,890</b>	<b>594,367</b>	<b>1,994,224</b>	<b>965,025</b>	<b>1,539,907</b>	<b>6,357,413</b>
Additions	5,303	13,854	90,391	43,690	123,107	276,345
Disposals	(462,257)	(49,477)	(512,857)	-	(531,222)	(1,555,813)
<b>At 30 June 2023</b>	<b>806,936</b>	<b>558,744</b>	<b>1,571,758</b>	<b>1,008,715</b>	<b>1,131,792</b>	<b>5,077,945</b>
<b>Depreciation &amp; impairment</b>						
<b>At 30 June 2021</b>	<b>(893,739)</b>	<b>(876,101)</b>	<b>(2,205,508)</b>	<b>(1,086,292)</b>	<b>-</b>	<b>(5,061,640)</b>
Depreciation charge for the year	(97,446)	(8,203)	(126,966)	(92,584)	-	(325,199)
Disposals	51,004	(6,868)	18,938	37,088	-	100,162
Movement to assets held for sale	108,893	314,318	544,790	492,157	(1,460,158)	-
<b>At 30 June 2022</b>	<b>(831,287)</b>	<b>(576,853)</b>	<b>(1,768,746)</b>	<b>(649,631)</b>	<b>(1,460,158)</b>	<b>(5,286,677)</b>
Depreciation charge for the year	(30,644)	(11,747)	(109,167)	(92,312)	(33,164)	(277,034)
Disposals	294,944	41,870	497,527	-	371,303	1,205,644
Adjustments	-	(1)	-	1	(2)	(2)
<b>At 30 June 2023</b>	<b>(566,987)</b>	<b>(546,731)</b>	<b>(1,380,386)</b>	<b>(741,942)</b>	<b>(1,122,021)</b>	<b>(4,358,067)</b>
<b>Net book value</b>						
<b>At 30 June 2022</b>	<b>432,602</b>	<b>17,513</b>	<b>225,478</b>	<b>315,394</b>	<b>79,749</b>	<b>1,070,736</b>
<b>At 30 June 2023</b>	<b>239,949</b>	<b>12,013</b>	<b>191,372</b>	<b>266,773</b>	<b>9,771</b>	<b>719,878</b>

## Notes to the financial statements cont'd

### Note 7 Non-financial assets and liabilities (continued)

#### a. Property, plant and equipment (continued)

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:

	2023	2022
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

	2023	2022
Current	\$	\$
Employee benefits	2,935,328	2,459,381
Other provisions	172,611	276,347
	<b>3,107,939</b>	<b>2,735,728</b>
Non-Current		
Employee benefits	176,564	178,488
Make good provision	15,000	207,980
	<b>191,564</b>	<b>386,468</b>



## Notes to the financial statements cont'd

### Note 7 Non-financial assets and liabilities (continued)

#### *b. Provisions (continued)*

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.

*Employee benefits are comprised of:*

*Wages, salaries, superannuation and annual 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 for Victorian-based staff and executive staff (not on Social, Community, Home Care and Disability Services award contracts) 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.

Non-executive Victorian staff are eligible for Portable Long Service Leave and their long service leave entitlements are expected to be settled within 12 months from the reporting date. Accordingly these entitlements are valued at their nominal amount based on remuneration rates which are expected to be paid when the liability is settled.

#### *Make good provision*

The lease agreement for the office premises in Melbourne includes a make good clause to return the leased premises to its original condition at the conclusion of the lease period. It is considered that this 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 provision is reviewed annually.

## Notes to the financial statements cont'd

### Note 7 Non-financial assets and liabilities (continued)

#### b. Provisions (continued)

##### Make good provision (continued)

Movements in the make good provision were as follows:	2023	2022
	\$	\$
As at 1 July	207,980	251,724
Use of make good provision	(192,980)	(60,000)
Additions to make good provision	-	15,000
Unwinding of discount factor	-	1,256
As at 30 June	<b>15,000</b>	<b>207,980</b>

#### c. Contract liabilities - Unexpended project funds

	2023	2022
	\$	\$
As at 1 July	19,863,085	31,937,428
Received during the year	28,277,454	49,974,063
Released to the statement of profit or loss	(29,346,325)	(56,427,643)
Transferred to Discontinued Operations	-	(5,620,763)
As at 30 June	<b>18,794,214</b>	<b>19,863,085</b>

Contract 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 range of currencies including Australian Dollars (AUD), United States Dollars (USD), Euros, Great British Pounds (GBP), PNG Kina (PGK) and Vanuatu VATU (VUV). 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 \$11,644,810 (continuing operations) and \$3,367,723 (discontinued operations) (2022: \$20,363,722 continued operations and \$3,753,590 discontinued operations). 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, 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.

## Notes to the financial statements cont'd

### Note 7 Non-financial assets and liabilities (continued)

#### d. Leases (continued)

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.

<b>Office Buildings</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
As at 1 July	2,119,838	2,246,013
Additions	-	1,711,502
Less: Disposals	(1,573,168)	(743,602)
Less: Depreciation	(412,208)	(931,795)
Less: Movement to Assets Held For Sale	-	(162,280)
<b>As at 30 June</b>	<b>134,462</b>	<b>2,119,838</b>

Set out below are the carrying amounts of Lease Liabilities and the movements during the period:

<b>Office Buildings</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
As at 1 July	2,180,363	2,459,282
Additions	-	1,730,495
Accretion of interest	78,716	88,977
Less: Disposals	(1,654,716)	(888,474)
Less: Payments	(464,496)	(1,024,049)
Less: Movement to Liabilities Associated with Assets Held For Sale	-	(185,869)
<b>As at 30 June</b>	<b>139,867</b>	<b>2,180,362</b>

#### Lease liabilities

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current	98,730	513,425
Non-Current	41,137	1,666,937
<b>Total</b>	<b>139,867</b>	<b>2,180,362</b>

## Notes to the financial statements cont'd

### Note 7 Non-financial assets and liabilities (continued)

#### d. Leases (continued)

The following are the amounts recognised in the profit or loss:

	2023	2022
	\$	\$
Depreciation expense of right-of-use assets	412,208	776,896
Interest expense on lease liabilities	78,716	88,977
Loss on lease impairment	81,548	-
Surplus on lease disposal	-	(144,873)
<b>Total amount recognised in profit or loss</b>	<b>572,472</b>	<b>721,000</b>

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

	2023	2022
	\$	\$
Within one year	1,137,993	858,713
After one year but not more than five years	138,346	2,319,640
More than five years	-	-
<b>Total</b>	<b>1,276,339</b>	<b>3,178,353</b>

### Note 8 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 Reserves Policy sets the minimum level of general reserves and outlines the process for the Board to approve the use of reserve funds.

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.

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.

## Notes to the Financial Statements - 30 June 2023

### 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.

- 9. Events subsequent to the reporting date
- 10. Contingencies
- 11. Related party transactions
- 12. Key management personnel
- 13. Remuneration of auditors
- 14. Information required by *NSW Charitable Fundraising Act 1991*
- 15. Information required by *ACFID Code of Conduct*
- 16. Information required for New Zealand Ministry of Foreign Affairs and Trade Project

## Notes to the financial statements cont'd

### Note 9 Events subsequent to the reporting date

The Company continued to implement the transition of the management oversight of the remaining Mekong region country offices (Laos and Myanmar) to CARE USA. Apart from this, there are no significant events subsequent to the reporting date.

### Note 10 Contingencies

As at 30 June 2023 the Company did not have any contingent assets or liabilities (2022: Nil).

### Note 11 Related party transactions

#### Director Details (non – executive)

<i>Chair</i>	Marcus Laithwaite (from 6 March 2020, Board member from 21 July 2017)
<i>Treasurer</i>	Joseph Tesvic (from 6 March 2020, Board member from 6 September 2016)
<i>Board Members</i>	Dr Phoebe Wynn-Pope (from 26 October 2018)
	Diana Nicholson (from 26 July 2019)
	Peter Varghese AO (from 26 July 2019)
	Joanne Thomson (from 20 May 2021)
	Morgana Ryan (from 20 May 2021)

#### 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 \$20,416 (2022: \$17,103) was paid for Directors and Officers liability insurance.

#### Director-related entity transactions

During the year, CARE Australia received \$84,411 in pro bono services from Corrs Chambers Westgarth. The CARE Chair of the International Programs and Operations Committee, Dr Phoebe Wynn-Pope, is Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth.

During the year, CARE Australia received \$158,313 in pro bono services from King & Wood Mallesons. The CARE Australia Chair of People committee, Ms Diana Nicholson, is a Senior Partner at King & Wood Mallesons.

## Notes to the financial statements cont'd

### Note 12 Key management personnel

#### a. Details of key management personnel

##### Executives

Peter Walton	Chief Executive
Sue Cunningham	Director of Strategy & Enabling Services and Company Secretary
Catherine Hoban	Director, Fundraising and Marketing
David Sims	Director, International Programs and Operations

#### b. Compensation of Key management personnel - Executives

	<b>2023</b>	<b>2022</b>
	\$	\$
Short term employee benefits	958,503	849,548
Post-employment benefits	100,670	88,256
	<b>1,059,173</b>	<b>937,804</b>

### Note 13 Remuneration of auditors

Amounts received or due and receivable by Ernst & Young Australia for:	<b>2023</b>	<b>2022</b>
	\$	\$
An audit of the financial report of the Company	121,500	135,000
	<b>121,500</b>	<b>135,000</b>

## Notes to the financial statements cont'd

### Note 14 Information required by the *NSW Charitable Fundraising Act 1991*

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

<b><u>Proceeds from fundraising appeals</u></b>	<b>2023</b>	<b>2022</b>
	\$	\$
Donations	8,853,635	11,893,163
Bequests	861,126	443,865
<b>Gross proceeds from fundraising appeals</b>	<b>9,714,761</b>	<b>12,337,028</b>
<b><u>Total expenses for fundraising appeals</u></b>		
Donations	2,779,367	3,529,114
Total expenses for fundraising appeals	<b>2,779,367</b>	<b>3,529,114</b>
<b>Net surplus from fundraising appeals</b>	<b>6,935,394</b>	<b>8,807,914</b>

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

	<b>2023</b>	<b>2022</b>
	\$	\$
Net surplus obtained from fundraising appeals	6,935,394	8,807,913
Applied for charitable purposes as follows:		
International programs	55,310,130	57,178,371
Program support costs	4,821,445	4,630,500
Community education	1,337,942	1,324,788
Cost of raising program funds from government and multilateral agencies	686,431	544,893
Accountability and administration	4,899,509	3,422,488
Non-monetary expenditure	311,566	299,417
Total expenses	<b>67,367,023</b>	<b>67,400,456</b>
(Shortfall)	<b>(60,431,629)</b>	<b>(58,592,543)</b>

Shortfall was met from the following sources:	<b>2023</b>	<b>2022</b>
	\$	\$
Department of Foreign Affairs & Trade grants	3,285,488	6,026,640
Other Australian grants	16,588,770	20,230,215
Other overseas grants	34,557,615	32,109,094
Investment income / (loss)	1,408,259	(693,264)
Other income	616,955	427,345
	<b>56,457,087</b>	<b>58,100,030</b>
Net (deficit) transferred to accumulated funds for future use	<b>(3,974,542)</b>	<b>(492,513)</b>

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

COMPARISON BY PERCENTAGE	2023	2022
	%	%
Total Cost of Public Fundraising/Revenue from the Australian Public	29	29
Net surplus from Fundraising/Revenue from the Australian Public	71	71

## Notes to the financial statements cont'd

### Note 15 Information required by the ACFID Code of Conduct

#### Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 30 June 2023

		2023	2022
		\$	\$
<b>REVENUE</b>	<i>Note</i>		
<b>Revenue</b>			
Donations Monetary	3(a)(i)	8,542,069	11,593,746
Donations Non-monetary	3(a)(ii)	311,566	299,417
Bequests and Legacies	3(a)(i)	861,126	443,865
<b>Total Revenue from Donations and Bequests</b>		<b>9,714,761</b>	<b>12,337,028</b>
<b>Revenue from contracts with customers (Grants and Contracts)</b>			
Department of Foreign Affairs and Trade	3(a)(i)	3,285,488	6,026,640
Other Australian Grants and Contracts	3(a)(i)	16,588,770	20,230,215
Overseas Grants and Contracts	3(a)(i)	34,557,615	32,109,094
<b>Total Revenue from contracts with customers</b>		<b>54,431,873</b>	<b>58,365,949</b>
Investment income /(loss)	3(a)(iii) (iv)	1,408,259	(693,264)
Other income		616,955	427,345
<b>Total revenue and income</b>		<b>66,171,848</b>	<b>70,437,058</b>
<b>EXPENDITURE</b>			
International programs			
Funds to international programs	4(a)(i)	55,310,130	57,178,371
Program support costs	4(a)(ii)	4,821,445	4,630,500
Community education	4(a)(iii)	1,337,942	1,324,788
Fundraising costs			
Public	4(a)(iv)	2,779,367	3,529,114
Government, multilateral and private	4(a)(v)	686,431	544,893
Accountability and administration	4(a)(vi)	4,899,509	3,422,488
Non-monetary expenditure – Australian based		311,566	299,417
<b>Total expenditure</b>		<b>70,146,390</b>	<b>70,929,571</b>
<b>NET (DEFICIT) FROM CONTINUING OPERATIONS</b>		<b>(3,974,542)</b>	<b>(492,513)</b>
<b>COMPREHENSIVE INCOME</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>NET (DEFICIT) AFTER COMPREHENSIVE INCOME</b>		<b>(3,974,542)</b>	<b>(492,513)</b>

## Notes to the financial statements cont'd

### **Note 16 Information required for New Zealand Ministry of Foreign Affairs and Trade Project**

On 1 July 2022, CARE International Timor Leste (CITL) entered into a grant funding agreement with the New Zealand Ministry of Foreign Affairs and Trade (MFAT) for the Lafaek Learning Materials Project (Activity Number: ACT-0A11960) as part of the New Zealand Aid Program. During the financial year, CITL received \$3,325,514 (US\$2,225,010) from MFAT in accordance with this grant funding agreement to implement this project. CITL is a controlled entity of CARE Australia and the financial performance and position of this project are incorporated into CARE Australia's audited financial statements.

## 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 2023 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 blue ink, appearing to read "J. Tesvic".

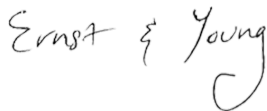
Joseph Tesvic  
Treasurer

30 November 2023

## 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 2023, 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:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.



Ernst & Young



Irene Tzavaras  
Partner  
4 December 2023

## 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 2023, 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 2023 and of its financial performance for the year ended on that date; and
- b) complying with Accounting Standards - Simplified Disclosures and the the *Australian Charities and Not-for-profits Commission Regulations 2022*.

#### 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 - Simplified Disclosures 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.

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2021 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(1) 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 Regulation 2021 and the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947).

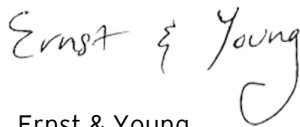
Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above mentioned Acts and Regulations as an audit 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 2023, in all material respects, in accordance with:
  - i. sections 20(1), 22(1-2), 24(1) of the *NSW Charitable Fundraising Act 1991*;
  - ii. sections 14(2) and 17 of the *NSW Charitable Fundraising Regulations 2021*;
  - 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 2023 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Irene Tzavaras  
Partner  
4 December 2023