ChildFund Australia

Annual Financial Statements

Year Ended 30 June 2019

Contents

ChildFund Australia

(A Company limited by guarantee)

ABN 79 002 885 761

Directors' report

The directors present their report on the consolidated financial statements of ChildFund Australia ("the Group") for the Year Ended 30 June 2019 and the auditor's report thereon.

Directors

The directors in office during the financial year and up to the date of this report were:

Mary Latham (Chair)

Mary Latham is a Chartered Accountant, Company Director and Consultant. She has worked in the financial services industry in Australia and England for 15 years, and in the Australian not-for-profit sector since 2006. She is also a Director of Australian Psychological Society and IDC Secretariat (Australia). Mary joined the Board in November 2012 and is a member of the Audit, Risk and Governance Committee. Mary was appointed as Chair of the Board in November 2015.

David Shortland (Deputy Chair)

David Shortland is a governance specialist and communication counsel to boards and senior executives. He is a Board Advisor and facilitator for the Australian Institute of Company Directors (AICD) in Strategy, Risk & Governance. He co-authored the first edition of AICD's Good Governance Principles and Guidance for Not-For-Profit Organisations. David is a Fellow of the National Heart Foundation of Australia and was a director of the Heart Foundation (NSW) Board for 4 years until June 2018. He joined the ChildFund Australia board in November 2014 and is a member of Audit, Risk and Governance Committee and a member of the Communications and Marketing Committee. David was appointed Deputy Chair on November 2016. David is a director of the board of ChildFund Alliance.

Justine Richardson

Justine Richardson works with Boards and Senior Executives to address complex business issues and help businesses grow and improve their operations. Justine has extensive experience in external and internal audits, providing accounting advice and process improvement specialising in companies undergoing substantial change in high growth environments. Justine joined the ChildFund Australia board in November 2014 and is Chair of the Audit, Risk and Governance Committee.

Jo Brennan

Jo Brennan has over 25 years of executive leadership experience working across a diverse range of industries including financial services, energy and not-for-profit. She was previously the Chief Executive Officer of Habitat for Humanity in Australia and is passionate about international development. Jo has extensive experience in leading operational teams and large-scale transformation programs. Jo joined the ChildFund Australia board in November 2014 and is a member of the Program Review Committee and the Communications and Marketing Committee.

Carolyn Hardy

Carolyn Hardy has over 20 years' experience in International Development. She worked with the United Nations for twelve years in senior leadership roles with UNICEF, UN Women and the UN Trust Fund to End violence Against Women; served as a member of the Global Board of Amnesty International from 2014-2017 and is currently CEO of the Catherine Hamlin Fistula Foundation. Carolyn joined the ChildFund Australia Board in November 2015 and is a member of the Program Review and Chair of the Communications and Marketing Committees.

Directors' report (continued)

Richard Moore

Richard Moore is an adviser specialised in strategic assessment of Asia Pacific development. He was previously Deputy Director General for Asia at the Australian Agency for International Development (AusAID). Prior to this he was Alternate Executive Director for Australia and ten other Asia Pacific countries at the Asian Development Bank. Richard joined the ChildFund Board in November 2015 and is a member of the Program Review Committee and the Audit, Risk and Governance Committee.

Belinda Lucas

Belinda Lucas has almost two decades of experience in international development. Having developed a passion for helping civil society organisations to improve their effectiveness, Belinda co-founded international development consultancy Learning4Development in 2013. She provides advice and support to not-for-profit organisations on areas such as governance, strategic planning, program quality and evaluation, and sector best practice. She has also developed learning resources for the Australian Council for International Development (ACFID), and consulted to the Australian Government's Department of Foreign Affairs on aid policy and partner due diligence for over 10 years. Belinda joined the Board in November 2015 and is a member of the Audit, Risk and Governance Committee and Chair of the Program Review Committee.

Anita Parer

A highly experienced digital marketing professional, with over 15 years of experience in customer relationship management, Anita has worked with a range of organisations to improve revenue streams using new technologies, and to develop customer-centric strategies. Anita currently leads the consulting team for the Oracle Marketing Cloud business in Australia, working with Australia's most prominent enterprises to develop brand-loyal, long-term customer bases. Anita joined the Board in November 2017, and is a member of Communications and Marketing Committee.

David Bolton

David Bolton is a General Manager with Boral Ltd with over 20 years of leadership experience in the construction materials sector. He has worked across numerous global organisations in mining, recycling, concrete, logistics, sales and marketing, and project management. He holds a Bachelor of Civil Engineering with Honours, and an MBA. David joined the board in November 2017, and is a member of Audit, Risk and Governance Committee.

Michael Pain

Michael Pain retired from Accenture in 2015 as a Managing Director with Accenture Australia, having lead major practice areas including Advanced Technology, Management Consulting, Strategy, Digital, and Analytics across various Asia Pacific regions. Over his career Michael worked with strategic and technology implementation projects across a range of industry sectors including financial services, public sector and resources. Most recently Michael oversaw the start-up of Accenture's Analytics practice. Michael also co-led Accenture's corporate giving activities, helping to initiate Corporate Citizenship for Accenture in Australia. Currently Michael's activities include NFP Board membership, philanthropy focused on supporting organisations in areas including ethics, the environment and the arts, and direct start-up investment. Michael has a Bachelor of Science (Hons) from the University of Sydney and an MBA (Hons) from INSEAD in France. After a leave of absence in Canada, Michael re-joined the Board in 2018 and is a member of the Communications & Marketing Committee.

Company Secretary
Adrian Graham

Directors' report (continued)

Directors' meetings

The number of directors' meetings and other committee meetings attended by each of the directors during the financial year were:

	Board Meetings		Audit, Risk & Governance Committee		Program Review Committee		Communications and Marketing Committee	
	A	B	A	B	A	B	A	B
Mary Latham	5	5	4	4				
David Shortland	5	5	4	2			4	3
Justine Richardson	5	5	4	4				
Jo Brennan	5	5			4	3	4	3
Carolyn Hardy	5	3			4	2	4	2
Richard Moore	5	5	4	4	4	4		
Belinda Lucas	5	5	4	1	4	4		
Anita Parer	5	4					4	3
David Bolton	5	5	4	4				
Michael Pain	5	5					4	4

Column A – Indicates the number of meetings the director was eligible to attend.
Column B – Indicates the number of meetings attended

From time to time, directors have also attended other meetings of importance.

Directors' report (continued)

Objectives

The Group is an independent international development organization that works to reduce poverty for children in developing communities. Our vision is a global community, free from poverty, where children are protected and have the opportunity to reach their full potential. To fulfil our mission, the Group works in partnership with children and their communities to create lasting change by supporting long-term community developments, responding to humanitarian emergencies and promoting children's rights.

Principal activities

The principal activity of the Group during the financial year was international aid and development delivered by working in partnership with children and their communities. Expenditure on overseas development activities, including community education was $42,560,396 (2018: $41,882,895).

There were no significant changes in the nature of the activities of the Group during the year.

Performance measurement

The Group has in place several performance measurement systems for its various functions. Program effectiveness is assessed against stated program objectives through regular monitoring and evaluation processes conducted by staff, partners and independent evaluators. Fundraising performance is measured against targets agreed annually.

Review and results of operations

Total comprehensive surplus for the year ended 30 June 2019 was $813,799 (2018: $2,328,014), which included gain on investments of $52,610 (2018: $102,682) which has been taken to equity. The total equity of the Group at 30 June 2019 totalled $12,110,140 (2018: $11,296,341).

Dividends

The Group's constitution does not permit dividends to be paid.

Liability of members

The liability of members is limited to contributing up to $100 for payment of the Group's debts and liabilities, and of the costs, charges and expenses of winding up and for adjustments of the rights of the contributions among themselves.

Environmental regulation

The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the Group.

Significant changes in the state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

Likely developments

It is not foreseen that the Group will undertake any change in its general direction during the coming financial year. Further information about likely developments in the operations of the Group and the expected results in future financial years has not been included in this report because disclosure of such information would likely result in unreasonable prejudice to the Group.

Directors' report (continued)

Events subsequent to reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Indemnification and insurance of officers

Indemnification

The Group has agreed to indemnify the current directors of the Group and the former directors against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Insurance premiums

During the financial year the Group maintained an Association Liability insurance policy which included cover in respect of directors' and officers' liability and legal expenses for current and former directors and officers. The insurance policy relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Association Liability insurance policy does not disclose separately the premium for the above insurance in respect of individual officers of the Group or in aggregate for all directors and officers. The premium paid for the Association Liability insurance policy was $4,796 (2018: $4,750).

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for financial Year Ended 30 June 2019.

Signed in accordance with a resolution of the directors:

Mary Latham

Mary Latham
Director

Justine Richardson
Director

Dated at Sydney this 25th day of September 2019

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the members of ChildFund Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Cameron Roan
Partner
Sydney

25 September 2019

Consolidated Statement of comprehensive income

Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue			
Monetary donations & gifts			
Child sponsorship donations		22,103,328	24,128,819
Other donations		4,359,400	4,246,383
		26,462,728	28,375,202
Legacies and bequests		133,074	154,488
Grants			
Department of Foreign Affairs and Trade		7,404,858	7,439,446
Other Australian	7	2,290,229	2,408,474
Overseas	8	15,989,476	13,650,084
		25,684,563	23,498,004
Investment income	9	282,294	292,243
Other income	10	1,850,900	783,617
Total revenue		**54,413,559**	**53,103,554**
Expenditure			
International Aid and Development Programs Expenditure			
International programs			
Funds to international programs	11	38,976,394	38,837,069
Program support costs		2,990,112	2,512,800
		41,966,506	41,349,869
Community education		593,890	533,026
Fundraising costs			
Public		8,569,735	6,328,326
Government, multilateral and private		122,021	120,135
Accountability and administration	12	2,568,170	2,546,866
Total expenditure		**53,820,322**	**50,878,222**
Surplus of revenue over expenditure		**593,237**	**2,225,332**
Other comprehensive income			
Net change in fair value of equity investments	9	52,610	102,682
Foreign operations – foreign currency translation		167,952	-
Total comprehensive surplus for the year		**813,799**	**2,328,014**

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Consolidated Statement of financial position

As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Cash and cash equivalents	14	8,620,703	8,280,111
Trade and other receivables	15	1,901,764	3,070,446
Investments – financial assets	16	6,230,928	6,832,421
Total current assets		16,753,395	18,182,978
Investments – financial assets	16	3,277,533	-
Property, plant and equipment	17	979,638	984,707
Intangibles	18	1,218,256	1,421,299
Total non-current assets		5,475,427	2,406,006
Total assets		22,228,822	20,588,984
Liabilities			
Trade and other payables	19	8,213,929	7,587,360
Provisions	20	981,716	914,418
Total current liabilities		9,195,645	8,501,778
Provisions	20	923,037	790,865
Total non-current liabilities		923,037	790,865
Total liabilities		10,118,682	9,292,643
Net assets		12,110,140	11,296,341
Equity			
Unrestricted reserves			
Retained surplus	21	2,813,360	1,856,043
Bequest reserve	21	500,000	500,000
Fair-value reserve	21	836,471	783,861
		4,149,831	3,139,904
Restricted reserves and foreign currency translation reserve	21	7,960,309	8,156,437
Total equity		12,110,140	11,296,341

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Consolidated Statement of changes in equity

Year Ended 30 June 2019

	Retained surplus $	Bequest Reserve $	Fair value reserve $	Restricted reserve $	Total equity $
Balance as at 1 July 2017	1,281,479	500,000	681,179	6,505,669	8,968,327
Total comprehensive income for the period					
Acquisition of ICARE subsidiary	150,800	-	-	-	150,800
Surplus in revenue over expenditure	2,074,532	-	-	-	2,074,532
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	-	-	102,682	-	102,682
Transfers to restricted funds	(3,383,989)	-	-	3,383,989	-
Transfers from restricted funds	1,733,221	-	-	(1,733,221)	-
Balance as at 30 June 2018	1,856,043	500,000	783,861	8,156,437	11,296,341
Balance as at 1 July 2018	1,856,043	500,000	783,861	8,156,437	11,296,341
Total comprehensive income for the period					
Excess in revenue over expenditure	593,237	-	-	-	593,237
Other comprehensive income					
Net change in fair value of equity investments at FVOCI	-	-	52,610	-	52,610
Transfers (from)/to restricted funds	364,080	-	-	(364,080)	-
Foreign operations – foreign currency translation	-	-	-	167,952	167,952
Balance as at 30 June 2019	2,813,360	500,000	836,471	7,960,309	12,110,140

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

ChildFund Australia

Consolidated Statement of cash flows

For the Year Ended 30 June 2019

	Note	2019	2018
		$	$
Cash flows from operating activities			
Cash receipts in the course of operations		56,426,368	52,633,512
Cash payments in the course of operations		(53,584,979)	(52,290,962)
Net cash from operating activities	25	2,841,389	342,550
Cash flows from investing activities			
Cash acquired - ICARE		-	165,081
Proceeds from/(investments in) financial assets		159,518	(177,633)
(Investments in)/proceeds from bank term deposits		(2,782,948)	1,155,582
Acquisition of intangibles, property, plant & equipment		(134,768)	(103,487)
Proceeds from disposal of property, plant & equipment		2,572	-
Investment income received		205,004	206,584
Interest received		49,825	56,824
Net cash (used in)/from investing activities		(2,500,797)	1,302,951
Net increase in cash and cash equivalents		340,592	1,645,501
Cash and cash equivalents at 1 July		8,280,111	6,634,610
Cash and cash equivalents at 30 June	14	8,620,703	8,280,111

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Notes to the financial statements
Year Ended 30 June 2019

1. Reporting entity

ChildFund Australia and its consolidated entity (the "Group") is a public Company limited by guarantee and a not for profit entity. It is an income tax exempt charitable organisation domiciled in Australia and the registered office is at Level 8, 162 Goulburn Street, Surry Hills NSW 2010. The mission of the Group is to work in partnership with children and their communities to create lasting and meaningful change by supporting long-term community development and promoting children's rights.

2. Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Group is not publicly accountable. The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), ACNC and the ACFID Code of Conduct Guidance. The financial statements were approved by the Board of Directors on the 25th of September 2019.

This is the first set of the Group's annual financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 3.

(b) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has one subsidiary; International Christian Aid Relief Enterprises Limited (ICARE). The Group operates in six overseas branches as at 30 June 2019, being Cambodia, Timor-Leste, Laos, Myanmar; Papua New Guinea and Vietnam.

Notes to the financial statements
Year Ended 30 June 2019

3. Changes in accounting policies

The Group has applied AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

Except for the changes above, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

(a) AASB 1058 Income of Not-for-Profit Entities AASB 15 Revenue from Contracts with Customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the revenue recognition requirements relating to private sector NFP entities, and the majority of revenue recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Group has adopted AASB 15 and AASB 1058 using the cumulative effect method (without practical expedients), with the effect from 1 July 2018. The Group primarily generates revenue from child sponsorship, donations and government grants. The adoption of AASB 15 and AASB 1058 has not had a material impact on the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement of cash flows.

(b) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies however no adjustments were required to the amounts recognised in the financial statements in previous periods. The new accounting policies are set out below.

On 1 July 2018, the Group has classified its financial instruments in the appropriate AASB 9 categories. All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets classified as held-to-maturity and loans and receivables under AASB 139 that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Available for sale financial assets are intended to be held for long term strategic purposes. As permitted by AASB 9, the Group has designated these investments as measured at Fair Value through Other Comprehensive Income. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity through Other Comprehensive Income. When an investment is derecognised, the cumulative gain or loss in equity is recognised in the consolidated statement of comprehensive income.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the Group's financial assets and liabilities.

Notes to the financial statements
Year Ended 30 June 2019

3. Changes in accounting policies (continued)

(b) AASB 9 Financial Instruments (continued)

The table below illustrates the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

Financial assets and liabilities	Original classification under AASB 139	New measurement category under AASB 9	Original carrying amount under AASB 139 $	New carrying amount under AASB 9 $
Cash and cash equivalents	Loans and receivables	Amortised cost	8,280,111	8,280,111
Trade and other receivables	Loans and receivables	Amortised cost	3,070,446	3,070,446
Investments – financials assets**	Available-for-sale	Fair value through other comprehensive income	3,384,441	3,384,441
Investments – financials assets – Term deposits	Available-for-sale	Amortised cost	3,447,980	3,447,980
Trade and other payables	Other financial liabilities	Other financial liabilities	7,587,360	7,587,360

** - These represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by AASB 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike AASB 139, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Impairment of financial assets
AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of AASB 9's impairment requirements at 1 July 2018 results in no additional allowance for impairment.

Notes to the financial statements
Year Ended 30 June 2019

4. Significant accounting policies

Except as mentioned above, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Group is a signatory to the Australian Council for International Development (ACFID) Code of Conduct and the Group has presented its Consolidated Statement of Comprehensive Income in accordance with the Code of Conduct Implementation Guidance.

(a) Revenue recognition

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 1058 (applicable from 1 July 2018)	Revenue recognition under AASB 1004 (applicable before 1 July 2018)
Child sponsorship, gifts and donations	The nature of revenue is such that it does not meet the requirements of AASB 15 as there is no enforceable contract nor there are any specific performance obligations. Revenue is recognised when the Group gains control of the contribution.	Revenue is recognised when the Group gains control of the contribution. Amounts received are recognised immediately in profit or loss.	Revenue is recognised when the Group gains control of the contribution or the right to receive the contribution. Amounts prepaid by the sponsors are retained by the Group and recorded as a liability until the monies are due to be remitted to respective overseas providers of services, Unspent restricted donations are shown as restricted reserves.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15 (applicable from 1 July 2018)	Revenue recognition under AASB 118 and AASB 111 (applicable before 1 July 2018)
Grants	Grant revenue reflects the status of the delivery of goods and services to date. Unexpended grants are recognised as liabilities (deferred revenue) to reflect the performance obligations to deliver further goods and services outlined in the grant agreement.	Grants from Government, multilateral and non-government organisations are recognised as revenue when (or as) the performance obligations are satisfied. Unexpended grants are recognised as liabilities to reflect the obligation to repay any unspent portion at the completion of the program.	Grants from Government, multilateral and non-government organisations are recognised as revenue as they are expended on programs to which they relate. Unexpended grants are recognised as liabilities to reflect the obligation to repay any unspent portion at the completion of the program.

4. Significant accounting policies (continued)

(b) Expenses

Operating lease payments
Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

(c) Taxation

No income tax is payable as the Group is exempt under Australian taxation legislation.

(d) Comparatives

Where required by accounting standards or where items have been reclassified, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to Australian dollars at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations
The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the end of each reporting period. Foreign exchange differences arising on consolidation are recognised in other comprehensive income.

4. Significant accounting policies (continued)

(g) Financial instruments

Policy applicable from 1 July 2018

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Equity instruments at FVOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Group's debt instruments are subsequently measured at amortised cost and equity instruments at FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

4. Significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

Policy applicable from 1 July 2018 (continued)

Financial assets - Subsequent measurement and gains and losses

(a) Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income is recognized in profit or loss. The Group's receivables fall into this category of financial instruments.

Receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

(b) Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(c) Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Trade and other receivables
Trade and other receivables are stated at their amortised cost less impairment losses.

Policy applicable before 1 July 2018

Trade and other payables
Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled within 60 days.

Investments – Available-for-sale financial assets
The Group's investment in equity securities and managed funds are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity. When an investment is de-recognised, the cumulative gain or loss in equity is recognised in the consolidated statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents comprise of cash balances and at call deposits maturing within 90 days from year end.

4. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets

Policy applicable from 1 July 2018

AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has one type of financial assets (trade and other receivables) that are subject to AASB 9's new expected credit loss model. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss as the balances are held with financial institutions with high credit rating.

Policy applicable before 1 July 2018

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the consolidated statement of comprehensive income. The cumulative loss that is reclassified from equity to statement of comprehensive income is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated statement of comprehensive income. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an assets or its related cash generating unit (CGU) exceeds its recoverable amount.

4. Significant accounting policies (continued)

(i) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the consolidated statement of comprehensive income as incurred.

Depreciation
Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each consolidated part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods were as follows:

- Furniture, fittings and office equipment — 4 to 5 years
- Buildings — 40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Non-current assets at overseas branches
Items of plant and equipment acquired for use on specific grant funded projects for use by overseas branches are expensed at the time of purchase.

Capital works in progress
Only items ready for use are included in cost of assets and depreciated. Capital works in progress are capitalised but not depreciated.

(j) Intangible assets and software

The implementation cost of information technology systems that have a useful life beyond 2 years is capitalised and amortised over the expected life once available for use. Only direct labour and external consultant costs are capitalised.

(k) Employee benefits

Wages, salaries, annual leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and non-monetary benefits that are expected to be settled within 12 months of each reporting period date represent present obligations resulting from employees' services provided to the end of each reporting period. These are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the end of each reporting period including related on-costs such as workers compensation insurance and payroll tax. Non-accumulation non-monetary benefits are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Notes to the financial statements
Year Ended 30 June 2019

4. Significant accounting policies (continued)

(k) Employee benefits (continued)

Long term service benefits
The Group's net obligation in respect of annual leave expected to be settled after 12 months and other long term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the corporate bonds at the end of reporting period which have maturity dates approximating to the terms of the Group's obligations.

Superannuation
Contributions made by the Group to employee superannuation funds are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to the employee upon retirement.

(l) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Finance income

Interest income
Interest income is recognised in the consolidated statement of comprehensive income, using the effective interest method.

(n) New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2019. Those which may be relevant to the Group are set out below.

AASB 16 Leases
AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16, and thus has decided not to early adopt this standard.

Notes to the financial statements
Year Ended 30 June 2019

5. Determination of fair value

Investments in equity and debt securities

The fair value of investments in equity instruments is determined by reference to their last sale price at the end of each reporting period.

6. Personnel expenses

	2019 $	2018 $
Salaries and wages	5,477,390	4,937,204
Other associated personnel expenses	168,373	101,549
Contributions to defined contribution superannuation funds	508,056	460,785
Decrease in liability for leave	(1,268)	(4,527)
	6,152,551	5,495,011

7. Other Australian Grants

During the year $2,127,686 (2018: $1,680,998) of grants were received from other Australian organisations. Of this, $2,290,229 (2018: $2,408,474) was recognised as revenue.

8. Overseas Grants

During the year, $16,366,320 (2018: $13,687,013) of grants were received from members of ChildFund Alliance and other multi-lateral donors. Of this, $15,989,476 (2018: $13,650,084) was recognised as revenue.

9. Investment income

	2019 $	2018 $
Recognised in profit or loss		
Income from equity investments	205,004	220,864
Interest on term deposits	77,290	71,379
	282,294	292,243
Recognised in other comprehensive income		
Net change in fair value of equity investments	52,610	102,682
	52,610	102,682

10. Other income

	2019 $	2018 $
Fundraising grant – ChildFund International	1,408,211	394,529
Foreign exchange gains	243,650	152,123
Gain on ICARE acquisition	-	150,800
Other	199,039	86,165
	1,850,900	783,617

11. Funds to international programs

	2019 $	2018 $
Asia & Pacific	30,620,877	28,414,278
Africa	7,209,084	8,635,520
Latin America	1,146,433	1,787,271
	38,976,394	38,837,069

Notes to the financial statements
Year Ended 30 June 2019

12. Accountability and administration

	2019 $	2018 $
Personnel expenses (part of personnel expenses set out in note 5)	2,127,870	2,092,949
Depreciation	55,455	62,087
Amortisation*	54,822	80,202
Other administration expenses	330,023	311,628
	2,568,170	2,546,866

*Total amortisation costs of $203,043 (refer note 18) for the marketing software solution has been apportioned among fundraising, program support and administration expenses.

13. Auditors remuneration

	2019 $	2018 $
Audit services:		
Auditors of the Group		
KPMG Australia:		
- audit of financial statements	49,698	48,000
Other audit firms Australia:		
- audit of financial statements	3,690	
Overseas KPMG firms:		
- audit and review of financial statements	75,855	79,217
Overseas other audit firms:		
- audit and review of financial statements	9,306	-
	138,549	127,217
Other services:		
Overseas KPMG firms:		
- other services (project audits)	12,961	12,645
Overseas other audit firms:		
- other services (project audits)	78,273	23,446
	91,234	36,091

14. Cash and cash equivalents

	2019 $	2018 $
Cash at bank (held in AUD)	826,310	360,956
Cash at bank (held in various currencies)	3,210,360	2,792,727
Cash term deposits (held in AUD and USD)	2,212,712	4,119,330
Cash at bank, branch offices & Others (held in various currencies)	2,371,321	1,007,098
	8,620,703	8,280,111

14. Cash and cash equivalents (continued)

Cash at bank
The weighted average interest rate on cash at bank in AUD at 30 June 2019 was 0.02% (2018: 0.01%). No interest is receivable on USD bank balance.

Cash term deposits
The deposits are fixed term deposits maturing within three months or less from the date of acquisition, and funds in "maxi saver" accounts. The weighted average interest rate on short term deposits as at 30 June 2019 is 0.40% (2018: 1.5%).

15. Trade and other receivables

	2019 $	2018 $
Sundry debtors	1,597,375	2,813,077
Prepayments	304,389	257,369
	1,901,764	3,070,446

16. Investments – financial assets

	2019 $	2018 $
Current		
Term deposits – current	6,230,928	3,447,980
Available-for-sale financial assets, at fair value	-	3,384,441
	6,230,928	6,832,421
Non – current		
Equity investments at FVOCI	3,277,533	-
	9,508,461	6,832,421

Term deposit current
The deposits are fixed term deposits maturing three months or more from the date of acquisition. The weighted average interest rate on these term deposits as at 30 June 2019 is 2.46% (2018: 2.26%)

Equity investments at FVOCI
Equity investments at FVOCI represents long term investments held by the Group for strategic purposes. An unrealised gain of $52,610 (2018: $102,682) being the difference between the fair value of the equity investments at FVOCI at balance sheet date and carrying value was taken up in equity. The Group's Equity investments are managed by JB Were.

Notes to the financial statements
Year Ended 30 June 2019

17. Property, plant and equipment

	Buildings	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
Balance at 1 July 2018	1,182,042	1,738,211	2,920,253
Acquisitions	-	134,768	134,768
Disposals	-	(37,655)	(37,655)
Balance at 30 June 2019	1,182,042	1,835,324	3,017,366
Depreciation			
Balance at 1 July 2018	485,999	1,449,547	1,935,546
Depreciation charge for the year	31,637	105,628	137,265
Disposals	-	(35,083)	(35,083)
Balance at 30 June 2019	517,636	1,520,092	2,037,728
Carrying amounts			
At 1 July 2018	696,043	288,664	984,707
At 30 June 2019	664,406	315,232	979,638

18. Intangibles

	Total
Software	$
Cost	
Balance at 1 July 2018	2,192,862
Balance at 30 June 2019	2,192,862
Amortisation	
Balance at 1 July 2018	771,563
Amortisation charge for the year	203,043
Balance at 30 June 2019	974,606
Carrying amounts	
At 1 July 2018	1,421,299
At 30 June 2019	1,218,256

Notes to the financial statements
Year Ended 30 June 2019

19. Trade and other payables

	2019 $	2018 $
Accounts payable	1,941,050	1,102,647
Unremitted funds	883,521	1,191,852
Revenue received in advance	430,168	463,118
Deferred Grants Revenue	4,959,190	4,829,743
	8,213,929	7,587,360

Interest accrues (at bank deposit rate) on unspent government grants. All such interest is added to the grant amount and is used to fund international programs.

20. Provisions

	2019 $	2018 $
Current liabilities		
Liability for annual leave	579,095	572,364
Liability for long service leave	402,621	342,054
	981,716	914,418
Non-current liabilities		
Liability for long service leave	923,037	790,865
	923,037	790,865

21. Share capital and reserves

Share capital
No share capital has been issued as the Group is a company limited by guarantee.

Unrestricted reserves
Unrestricted reserves are not restricted or designated for use in particular programs or other defined or designated purpose. These funds are available to be allocated at the discretion of the directors. Unrestricted reserves compose:

Retained Surplus
The retained surplus is general unrestricted funds for use at the discretion of the Directors in furtherance of the objective of the Group.

Bequest reserve
The bequest reserve is not restricted or designated for use in particular programs or other defined or designated purpose. These are bequest funds that the Directors have set aside with an intention to set up an endowment fund in future. These funds are available to be allocated to other purposes at the discretion of the directors.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of equity investments at FVOCI until the investment is derecognised or impaired.

Restricted reserves
Restricted reserves are tied to particular purposes specified by donors or as identified at the time of a public appeal; but with no obligation to return unspent funds to donors. The foreign currency translation difference on consolidation of foreign operations is included in restricted reserves. They are not available for use in other ChildFund Australia work.

22. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. At 30 June 2019 there were 10 members (2018: 10 members).

23. Operating leases

The Group leases equipment under operating leases with terms of one to five years. Leases of property generally provide the Group with a right of renewal at which times all terms are renegotiated.

Non- cancellable operating lease rentals are payable as follows:

	2019	2018 *Restated
	$	$
Less than one year	395,655	532,289
Between one and five years	790,779	650,635
	1,186,434	1,182,924

There are no operating lease commitments beyond 5 years.

* The prior year comparative has been restated to reflect the Group Operating lease commitment.

24. Related parties

Transactions with key management personnel

In addition to a salary, the Group also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf. No loans were made, guaranteed, or secured by the entity to key management personnel.

Key management personnel compensation

The key management personnel compensation included in the statement of comprehensive income are as follows:

	2019	2018
	$	$
Short-term employee benefits	1,005,716	974,578

Key management employees are not entitled to post-employment, termination or share-based payments.

Controlled Entities

International Christian Aid Relief Enterprises (ABN 16 002 516 485), established in Australia and 100% owned by ChildFund Australia.

Other related party transactions

ChildFund Australia is a member of the ChildFund Alliance – a global network of 11 organisations which assists more than 14 million children and families in 63 countries.

During the year ChildFund International, a member of the ChildFund Alliance, granted an amount of $1,408,211 (2018: $394,529) to ChildFund Australia to invest in sponsor acquisition.

24. Related parties (continued)

During the year, sponsorship, gifts, donations and grants totalling $11,363,962 (2018: $15,299,823) were included in disbursements to ChildFund Alliance members who have the responsibility for allocating those funds to programs throughout the world. During the year ChildFund Australia received $13,682,581 (2018: $11,589,213) from ChildFund Alliance members for programs in ChildFund Australia managed country programs.

Overseas branches
The results of country offices are consolidated in these consolidated financial statements.

i) Papua New Guinea

The Group operates a country office in Papua New Guinea to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG PNG.

During the year, the funds from the Group to the Papua New Guinea country office totalled $3,362,845 (2018: $2,538,218). In-country grants to Papua New Guinea country office totalled $1,548,814 (2018: $1,813,195). At year-end, the net assets were $108,744 (2018: $104,523).

ii) Vietnam

The Group operates a country office in Vietnam to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Vietnam.

During the year, the funds from the Group to the Vietnam country office totalled $5,907,493 (2018: $4,608,041). In-country grants to Vietnam country office totalled $408,952 (2018: $520,399). At year-end, the net assets were $3,769,825 (2018: $4,563,322).

iii) Cambodia

The Group operates a country office in Cambodia to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Cambodia.

During the year, the funds from the Group to the Cambodia country office were $4,055,479 (2018: $5,330,871). In-country grants to Cambodia country office totalled $2,517,965 (2018: $1,487,316). At year-end, the net assets were $569,191 (2018: $441,405).

iv) Laos

The Group operates a country office in Laos to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Laos.

During the year, the funds from the Group to the Laos country office totalled $2,739,212 (2018: $3,022,672). In-country grants to Laos' country office totalled $1,335,166 (2018: $334,571). At year-end, the net assets were $207,623 (2018: $215,105).

v) Myanmar

The Group operates a country office in Myanmar to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Thailand.

24. Related parties (continued)

During the year, the funds from the Group to the Myanmar country office totalled $1,179,302 (2018: $1,044,449). In-country grants to Myanmar country office totalled $488,789 (2018: $69,362). At year-end, the net assets were $84,065 (2018: $22,876).

vi) Timor Leste

The Group operates a country office in Timor Leste to assist in the Group's principal activities. The country office is under the control of the Group and prepares specific financial statements which are independently audited by Stantons International (Australia).

During the year, the funds from the Group to the Timor Leste country office totalled $2,513,120 (2018: $1,557,071). In-country grants to Timor Leste country office totalled $278,072 (2018: $49,360). At the end of year, the net assets of the Timor Leste country office were $1,535,833 (2018: $1,097,612).

vii) ChildFund Pass it Back

During the year, the ChildFund Pass it Back Regional Program operated in Laos, Vietnam, Philippines and Japan. Regional Program funding amounted to $593,160 (2018: $547,790).

25. Notes to the statement of cash flows

	2019 $	2018 $
Surplus for the year	593,237	2,225,332
Depreciation	137,265	62,087
Amortisation	203,043	203,043
Investment income	(205,004)	(220,864)
Foreign Operations – Foreign currency translation	167,952	-
Gain on ICARE acquisition	-	(150,800)
Interest income	(49,825)	(56,824)
Operating gain before changes in working capital and provisions	846,668	2,061,974
Decrease/(increase) in trade and other receivables	1,168,682	(2,144,008)
Increase in trade and other payables	626,569	466,922
Increase/(decrease) in employee benefits provisions	199,470	(42,338)
Net cash from operating activities	2,841,389	342,550

Notes to the financial statements
Year Ended 30 June 2019

26. Additional information and declarations to be furnished under the Charitable Fundraising (NSW) Act 1991

Public fundraising appeals conducted during the financial year

- Ongoing sponsorship of children, gifts for children and donations.

Statements showing how funds received were applied to charitable purposes

	2019 $	2018 $
Gross revenue from public activities	26,595,802	28,529,690
Less: Public fundraising costs	(8,569,735)	(6,328,326)
Net public funds	18,026,067	22,201,364
Gross Government, overseas, multilateral & corporate grants	25,684,563	23,498,004
Less: Government, multilateral & corporate fundraising costs	(122,021)	(120,135)
Net Government, overseas, multilateral & corporate funds	25,562,542	23,377,869
Other revenue	2,133,194	1,075,860
Net funds raised	45,721,803	46,655,093
Overseas project disbursements	38,976,394	38,837,069
Program support costs	2,990,112	2,512,800
Community education costs	593,890	533,026
Total funds disbursed towards the objectives of the Company	42,560,396	41,882,895
Accountability and administration expenses	2,568,170	2,546,866
Operating surplus	593,237	2,225,332

Directors' declaration

In the opinion of the directors of ChildFund Australia ("the Group"):

(a) the Group is not publicly accountable;

(b) the financial statements and notes that are set out on pages 8 to 30 are in accordance with the Australian Charities and Not-for-profits Commission Regulation 2013, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime, the Australian Charities and Not-for-profits Commission Regulation 2013; and

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

Signed in accordance with a resolution of the directors.

Mary Latham
Director

Justine Richardson
Director

Dated at Sydney this 25th day of September 2019

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Nigel Spence, Chief Executive Officer of ChildFund Australia, declare that in my opinion:

(a) the accounts give a true and fair view of all income and expenditure of ChildFund Australia with respect to fundraising appeals for the financial Year Ended 30 June 2019;

(b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals as at 30 June 2019;

(c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the year ending 30 June 2019; and

(d) the internal controls exercised by the ChildFund Australia are appropriate and effective in accounting for all income received.

Nigel Spence
Chief Executive Officer

Dated at Sydney this 25th day of September 2019

KPMG

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Independent Auditor's Report

To the members of ChildFund Australia

Report on the audit of the Annual Financial Statements

Opinion

We have audited the ***Annual Financial Statements*** of ChildFund Australia ("the ***Group***").

In our opinion, the accompanying ***Annual Financial Statements*** of ChildFund Australia is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

- giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.
- comply with the presentation and disclosure requirement of the ACFID Code of Conduct.

The ***Annual Financial Statements*** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.
- Declaration by the Chief Executive Officer in respect of fundraising appeals

The ***Group*** consists of ChildFund Australia (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Annual Financial Statements* section of our report.

We are independent of the Group in accordance with auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

To the members of ChildFund Australia (continued)

Report on the audit of the Annual Financial Statements (continued)

Other Information

Other Information is financial and non-financial information in ChildFund Australia's annual reporting which is provided in addition to the Annual Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Annual Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Annual Financial Statements

The Directors are responsible for:

- preparing the Annual Financial Statements that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act 2012.
- preparing the Annual Financial Statements in accordance with Sections 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.
- implementing necessary internal control to enable the preparation of Annual Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Group and the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

To the members of ChildFund Australia (continued)

Report on the audit of the Annual Financial Statements (continued)

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Annual Financial Statements 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 Annual Financial Statements.

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

A further description of our responsibilities for the audit of the Annual Financial Statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

In addition we have:

- obtained an understanding of the internal control structure for fundraising appeal activities.
- examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Annual Financial Statements such as accruals, prepayments, provisioning and valuations.

Independent Auditor's Report

To the members of ChildFund Australia (continued)

Report on other legal and regulatory requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- the Annual Financial Statements give a true and fair view of the Group's financial result of the fundraising appeal activities for the financial year ended 30 June 2019;
- the Annual Financial Statements have been properly drawn up, and the associated records have been properly kept for the period from 1 July 2018 to 30 June 2019, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- money received as a result of Fundraising appeal activities conducted during the period from 1 July 2018 to 30 June 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- there are reasonable grounds to believe that the Group and Company will be able to pay its debts as and when they fall due.

KPMG

KPMG

Cameron Roan

Partner

Sydney

25 September 2019