Annual Financial Statements

Year Ended 30 June 2010

Contents

ChildFund Australia

(A company limited by guarantee)

ABN 79 002 885 761

Directors' report

The directors present their report together with the financial statements of ChildFund Australia ("the Company") for the year ended 30 June 2010 and the auditor's report thereon.

Directors

The Directors at any time during or since the end of the reporting period were:

Michael Rose (Chair)
Michael Rose is Chief Executive Partner at leading international law firm Allens Arthur Robinson and Chairman of the Historic Houses Trust of New South Wales. He has experience as a commercial lawyer in Australia, the United States and in several Asian countries. Michael joined the Board in 2005, elected Chair in 2006 and is a member of the Organisational Governance & Board Nominations Committee. He is also a member of the board of ChildFund Alliance. His term as chairman will conclude in October 2010.

Wendy Rose AM (Deputy Chair)
Wendy Rose is a member of the Australian Council for International Development (ACFID) Executive Committee and the recipient of the 2007 ACFID Contribution to the Sector Award for exceptional commitment to improving the quality of Australia's overseas aid sector. She is an active volunteer in development organisations and former CEO of Save the Children Australia and YWCA Australia. Wendy joined the Board in 2003, was elected Deputy Chair in 2006 and is a member of the Organisational Governance & Board Nominations Committee and the Program Review Committee.

Robert William Hogg
Robert William Hogg is a Senior Consultant at Frontier Investment Consulting. He has experience in both advising and managing portfolios for superannuation and investment funds. Robert joined the Board in 2004 and is the Chair of the Fundraising Committee and a member of the Audit & Risk Committee.

Joanne Thomson
Jo Thomson is an international development specialist having worked in the NGO development sector for 20 years. She has been responsible for managing NGO programs in the Pacific, Asia and Africa having held senior executive positions with Australian NGOs and as a consultant on numerous NGO and AusAID initiatives. Jo joined the Board in 2007 and is the Chair of the Program Review Committee.

Dr Angeline Low
Angeline Low is a Research Fellow at The University of Technology, Sydney and conducts research into entrepreneurship, ethnicity and gender. In addition, she is a board member of the Australian Foundation for Peoples of Asia and the Pacific. Angeline is a former Partner of Deloitte Touche Tohmatsu, Malaysia and is involved in family business in Australia. Angeline joined the Board in 2006 and is a member of the Organisational Governance & Board Nominations Committee and the Fundraising Committee.

David Pigott
David Pigott is the Leader Government & Cross Sector Partnerships at Mission Australia. He is a former consultant with PricewaterhouseCoopers Legal and has been an adviser to the Minister for Foreign Affairs and Private Secretary to the Premier of NSW. David joined the Board in 2006 and is a member of the Audit and Risk Committee and the Marketing and Fundraising Committee.

Marcus Laithwaite
Marcus Laithwaite is a partner at PricewaterhouseCoopers Sydney, and is a specialist in the financial services industry. He has extensive experience in external and internal audits, risk management, due diligence and regulatory advice. Marcus joined the Board in 2007 and is the Chair of the Audit and Risk Committee and the Fundraising Committee.

James Sheffield
James Sheffield is the general manager of Home Loans at the Commonwealth Bank of Australia. He also has an honours degree in Law. James joined the Board is 2004 and is Chair of the Organisational Governance & Board Nominations Committee.

Directors' report

Desmond Semple
Des Semple has a background as CEO of Government Human Service Departments and more recently as a consultant undertaking major structural and organisational changes, across and within Government agencies. Des joined the Board in 2007 and is a member of the Program Review Committee.

Dr Stephen Moss
Stephen Moss is a professional mediator with a background in law, psychology and business. He is currently Vice Chairman of WDScott, an international management consulting firm, Chairman of Eaton Square, an international Investment and Advisory firm and Chairman of The Odin Institute. Stephen joined the Board in 2008 and is a member of the Governance Committee and the Program Review Committee.

Company Secretary
Bandula Gonsalkorale was appointed on 20 December 2007.

Directors' meetings

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

	Board Meetings		Audit & Risk Committee		Program Review Committee		Fundraising Committee		Organisational Governance & Board Nominations	
	A	B	A	B	A	B	A	B	A	B
Mr Michael Rose (Chair)	5	5	-	-	-	-	-	-	2	2
Ms Wendy Rose	5	5	-	-	5	5	-	-	2	2
Mr James Sheffield	5	5	-	-	2	2	-	-	-	-
Mr Robert Hogg	5	5	5	4	-	-	5	5	-	-
Dr Angeline Low*	3	3	-	-	-	-	4	3	2	2
Mr David Pigott	5	4	5	5	-	-	5	4	-	-
Mr Desmond Semple	5	4	-	-	3	3	-	-	-	-
Mr Marcus Laithwaite	5	4	5	5	-	-	5	3	-	-
Ms Joanne Thomson	5	4	-	-	5	4	-	-	-	-
Dr Stephen Moss*	2	1	-	-	2	1	-	-	2	1

Column A – Indicates the number of meetings the Director was eligible to attend. Column B – Indicates the number of meetings attended
Dr. Low and Dr. Moss were granted leave of absence for part of the year.

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

Objectives

The long-term objective of the company is to create lasting and meaningful change by supporting long-term community development and promoting children's rights. An essential aspect of the work is to strive to understand children's experience of poverty and to involve them actively in program activities. The short-term objectives are to expand support for children in developing communities; improve program effectiveness through enhanced monitoring and evaluation processes; influence policy and inform public awareness; increase revenue and program expenditure; greater accountability and transparency.

Principal activities

The principal activity of the Company 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 $30,982,298 (2009: $28,482,064). During the year the company commenced operations in Laos and has allocated additional resources to program monitoring and evaluation to further facilitate program effectiveness.

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

Directors' report

Performance measurement

The company has in place several performance measurement systems for the 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. Overall company performance measures include various ratios such as those disclosed in note 25.

Review and results of operations

Total comprehensive income was $1,601,496 (2009: $83,832), which included a gain on investments of $129,862 which has been taken up in equity. The equity of the Company increased to $4,333,636 (2009: 2,732,140).

Dividends

The Company'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 company'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 Company 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 Company.

Significant changes in the state of affairs

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

Likely developments

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

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 item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' report

Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify the current directors of the Company and the former directors against all liabilities to another person (other than the company 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 Company maintained an Association Liability insurance policy which included cover in respect of directors' and officers' liability and legal expenses' insurance contracts, 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 Company or in aggregate for all directors and officers. The premium paid for the Association Liability insurance policy was $3,750 (2009: $10,850).

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors:

Michael Rose
Director

Marcus Laithwaite
Director

Dated at Sydney this 20th day of September 2010

KPMG

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

To: the directors 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 2010 there has been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Brett Mitchell
Partner

Sydney

20th September 2010

Statement of comprehensive income

Year ended 30 June 2010

	Note	2010 $	2009 $
Revenue			
Monetary Donations & Gifts			
Child sponsorship donations		26,377,474	24,900,313
Other donations		5,212,025	4,612,918
		31,589,499	29,513,231
Legacies and bequests		622,288	154,440
Grants			
AusAID grants		4,571,784	3,603,486
Overseas grants		2,391,455	2,652,844
		6,963,239	6,256,330
Investment income	7	317,018	228,208
Other income	8	382,024	447,912
Total revenue		39,874,068	36,600,121
Expenditure			
International programs			
Funds to international programs		29,407,787	27,524,491
Program support costs		1,177,984	735,541
		30,585,771	28,260,032
Community education		396,527	222,032
Fundraising costs			
Public		5,388,469	5,464,663
Government, multilateral and private		79,837	80,190
Accountability and administration	9	1,951,830	2,255,239
Impairment of investments	13	-	531,939
Total expenditure		38,402,434	36,814,095
Excess/ (shortfall) of revenue over expenditure		1,471,634	(213,974)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	13	129,862	297,806
Total comprehensive income for the year		1,601,496	83,832

During the year, the Company did not receive any “Other Australia grants”, did not engage in any Political or Religious proselytisation programs or Domestic projects; and did not include the value of non-monetary donations and gifts.

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 10 to 27.

ChildFund Australia
ABN 79 002 885 761

Statement of financial position
As at 30 June 2010

	Note	2010 $	2009 $
Assets			
Cash and cash equivalents	11	5,855,703	4,932,134
Trade and other receivables	12	509,281	412,509
Financial assets	13	1,850,000	-
Total current assets		8,214,984	5,344,643
Financial assets	13	1,633,844	1,352,105
Property, plant and equipment	14	988,944	1,045,762
Total non-current assets		2,622,788	2,397,867
Total assets		10,837,772	7,742,510
Liabilities			
Trade and other payables	15	6,255,084	4,803,542
Borrowings	16	4,274	4,274
Provisions	17	184,433	156,057
Total current liabilities		6,443,791	4,963,873
Borrowings	16	3,041	7,315
Provisions	17	57,304	39,182
Total non-current liabilities		60,345	46,497
Total liabilities		6,504,136	5,010,370
Net assets		4,333,636	2,732,140
Equity			
Unrestricted reserves			
Retained surplus		2,366,074	1,560,337
Bequest reserve		500,000	-
Fair-value reserve		135,025	5,163
		3,001,099	1,565,500
Restricted reserves		1,332,537	1,166,640
Total equity		4,333,636	2,732,140

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 10 to 27.

Statement of changes in equity

Year ended 30 June 2010

	Retained surplus $	Bequest reserve	Fair value reserve $	Restricted reserve $	Total equity $
Balance as at 1 July 2008	2,016,433	-	(292,643)	924,518	2,648,308
Total comprehensive income/(loss) for the period					
Shortfall of revenue over expenditure	(213,974)	-	-	-	(213,974)
Other comprehensive income					
Net change in fair value of available-for-sales financial assets	-	-	297,806	-	297,806
Transfers to restricted funds	(1,972,628)	-	-	1,972,628	-
Transfers from restricted funds	1,730,506	-	-	(1,730,506)	-
Balance as at 30 June 2009	1,560,337	-	5,163	1,166,640	2,732,140
Balance as at 1 July 2009	1,560,337	-	5,163	1,166,640	2,732,140
Total comprehensive income/(loss) for the period					
Excess of revenue over expenditure	1,471,634	-	-	-	1,471,634
Other comprehensive income					
Net change in fair value of available-for-sales financial assets	-	-	129,862	-	129,862
Transfer to bequest reserve	(500,000)	500,000	-	-	-
Transfers to restricted funds	(2,191,646)	-	-	2,191,646	-
Transfers from restricted funds	2,025,749	-	-	(2,025,749)	-
Balance as at 30 June 2010	2,366,074	500,000	135,025	1,332,537	4,333,636

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 10 to 27.

Statement of cash flows
For the year ended 30 June 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Cash receipts in the course of operations		39,426,569	36,701,567
Cash payments in the course of operations		(36,741,610)	(35,457,233)
Net cash from operating activities	23	2,684,959	1,244,334
Cash flows from investing activities			
Acquisition of available-for-sale financial assets		(151,877)	-
Investments in bank term deposits		(1,850,000)	-
Acquisition of property, plant & equipment		(14,257)	(14,406)
Investment income		115,535	128,852
Interest received		143,483	99,355
Net cash (used in)/from investing activities		(1,757,116)	213,801
Cash flows from financing activities			
Payment of finance lease liabilities		(4,274)	(4,275)
Net cash used in financing activities		(4,274)	(4,275)
Net increase/(decrease) in cash and cash equivalents		923,569	1,453,860
Cash and cash equivalents at 1 July		4,932,134	3,478,274
Cash and cash equivalents at 30 June	11	5,855,703	4,932,134

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 10 to 27.

Notes to the financial statements
Year ended 30 June 2010

1. Reporting entity

ChildFund Australia (the "Company") is a public company limited by guarantee. 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 Company 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

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the ACFID Code of Conduct Guidance. The financial report of the Company complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 20 September 2010.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

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

(d) 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) National offices

The Company has four branch offices as at 30 June 2010 being Papua New Guinea, Vietnam, Cambodia and Laos. For the purposes of these financial statements the statements of financial position of the country offices have been aggregated into the Company's statement of financial position. The country offices are fully funded by the Company and as such the statement of comprehensive income is not aggregated as such results are already reflected in the Company's operations.

Notes to the financial statements
Year ended 30 June 2010

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Company is a signatory to the Australian Council for International Development (ACFID) Code of Conduct and the Company has presented its statement of comprehensive income in accordance with the Code of Conduct Guidance.

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria are also applied when recognising revenue:

Child sponsorship, gift remittances and donations
Revenue from sponsorship, gift remittances, donations and grants are recognised in the statement of comprehensive income as income when the Company gains control of the contribution or the right to receive the contribution. Amounts prepaid by sponsors are retained by the Company 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.

Grants
Grants from Government and overseas 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.

Sale of property, plant and equipment
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

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

(b) Expenses

Operating lease payments
Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the 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 Company 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.

3. Significant accounting policies (continued)

(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 retranslated to Australian dollars at the foreign exchange rate at that date. Foreign exchange differences arising on retranslation are recognised in profit or loss. 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.

(g) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses, see note 3(h).

3. Significant accounting policies (continued)

(h) Impairment

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through profit and loss.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment
An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss except for available for sale financial assets that are equity.

(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 Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each 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

3. Significant accounting policies (continued)

Project offices
Items of plant and equipment acquired specifically for use by the project offices is expensed immediately.

The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

(j) Investments – Available-for-sale financial assets

The Company'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 derecognised, the cumulative gain or loss in equity is recognised in the statement of comprehensive income.

(k) Trade and other payables

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

(l) 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 the end of each reporting period represent present obligations resulting from employees' services provided to the end of each reporting period, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company 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 Company as the benefits are taken by the employees.

Long term service benefits
The Company's net obligation in respect of 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 Commonwealth Government bonds at the end of reporting period which have maturity dates approximating to the terms of the Company's obligations.

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

(m) Provisions

A provision is recognised in the statement of financial position when the Company 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.

(n) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

Notes to the financial statements
Year ended 30 June 2010

3. Significant accounting policies (continued)

(o) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

- AASB 9 Financial Instruments include requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.

(p) Changes in accounting policies – presentation of financial statements

Starting as of 1 July 2009, the Company has changed its accounting policies in respect to the presentation of financial statements.

The Company applies the revised AASB 101 Presentation of Financial Statements (2007) and AASB 2007-8 Amendments to Australian Accounting Standards resulting from AASB 101, which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the application only affects presentation aspects of the primary financial statements, there is no impact on the financial position or financial performance of the Company.

4. Determination of fair value

Investments in equity and debt securities
The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the end of each reporting period.

5. Financial risk management

(a) Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through training and management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from investment securities.

Investments
The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least "A". Given this high credit rating, management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors cash flow requirements and optimises its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 60 days, excluding potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

5. Financial risk management (continued)

(d) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk
The company is exposed to currency risk on program expenses that are denominated in a currency other than the Australian Dollar (AUD). However, the currency risk for 90% of such expenses is borne by the overseas party. The currency risk in project offices in Vietnam, Papua New Guinea, Cambodia and Laos are managed by holding funds in the functional currency of the country.

Interest rate risk
The Company is exposed to interest rate risk on the available-for-sale financial assets. These assets consist of managed funds and fixed interest securities and interest rate risk is managed by fund managers. The company does not borrow or lend directly, except for the financial leases.

Other market price risk
Equity price risk arises from available-for-sale equity securities. The investment portfolio of the Company is managed by an external fund manager and funds are invested in accordance with the investment mandate approved by the Board of Directors. The investment portfolio is reviewed by the Audit and Risk Committee.

Notes to the financial statements
Year ended 30 June 2010

	2010 $	2009 $
6. Personnel expenses		
Salaries and wages	2,181,716	2,049,527
Other associated personnel expenses	32,166	28,611
Contributions to defined contribution superannuation funds	196,223	182,564
Increase/(Decrease) in liability for leave	46,498	(9,851)
	2,456,603	2,250,851
7. Finance income and expense		
Income from available-for-sale financial assets	115,535	128,852
Interest on bank deposits	201,483	99,356
Finance income	317,018	228,208
Net foreign exchange loss	(11,469)	(68,061)
Finance expense	(11,469)	(68,061)
Net finance income and expense	305,549	160,147
8. Other income		
Fundraising grant – ChildFund International	355,256	415,259
Other	26,768	32,653
	382,024	447,912
9. Administration expenses		
Administration staff salaries and other associated personnel expenses	1,317,405	1,368,301
Depreciation	71,075	95,523
Finance expense (note 7)	11,469	68,061
Other administration expenses	551,881	723,354
	1,951,830	2,255,239
10. Auditors remuneration		
Audit services:		
Auditors of the Company		
KPMG Australia:		
- audit and review of financial statements	33,660	33,667
Overseas KPMG firms:		
- audit and review of financial statements	29,103	27,864
	62,763	61,531
Other services:		
Auditors of the Company		
Overseas KPMG firms:		
- other services	3,234	15,349
	3,234	15,349

11. Cash and cash equivalents

	2010 $	2009 $
Cash at bank	339,979	835,587
Short term deposits	3,935,318	3,140,554
Cash at bank, project offices	1,580,406	955,993
Cash and cash equivalents in statement of cash flows	5,855,703	4,932,134

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 21.

The weighted average interest rate on cash at bank at 30 June 2010 is 0.2% (2009: 0.2%). Cash and cash equivalents re-price in 12 months or less.

Short term deposits
The deposits are fixed term deposits maturing within one year of the period end. The fixed interest rate applicable at 30 June 2010 is 5.9% (2009: 3.8%).

12. Trade and other receivables

	2010 $	2009 $
Sundry debtors	418,988	289,552
Prepayments	90,293	122,957
	509,281	412,509

13. Investments

	2010 $	2009 $
Non-current		
Available-for-sale financial assets, at fair value	1,633,844	1,352,105
Current		
Term deposits	1,850,000	-

An unrealised gain of $129,862 (2009: $297,806) being the difference between the fair value at balance date and carrying value was taken up in equity. An impairment charge of $531,939 for the prior year was taken up through profit and loss.

The Company's exposure to credit, currency and interest rate risks relating to investments is disclosed in note 21.

14. Property, plant and equipment

	Buildings	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
Balance at 1 July 2008	1,182,042	542,162	1,724,204
Acquisitions	-	14,406	14,406
Disposals	-	(131,669)	(131,669)
Balance at 30 June 2009	1,182,042	424,899	1,606,941
Balance at 1 July 2009	1,182,042	424,899	1,606,941
Acquisitions	-	14,257	14,257
Disposals	-	(31,928)	(31,928)
Balance at 30 June 2010	1,182,042	407,228	1,589,270
Depreciation and impairment			
Balance at 1 July 2008	171,396	425,929	597,325
Depreciation charge for the year	29,857	65,666	95,523
Disposals	-	(131,669)	(131,669)
Balance at 30 June 2009	201,253	359,926	561,179
Balance at 1 July 2009	201,253	359,926	561,179
Depreciation charge for the year	31,638	39,437	71,075
Disposals	-	(31,928)	(31,928)
Balance at 30 June 2010	232,891	367,435	600,326
Carrying amounts			
At 1 July 2008	1,010,646	116,233	1,126,879
At 30 June 2009	980,789	64,973	1,045,762
At 1 July 2009	980,789	64,973	1,045,762
At 30 June 2010	949,151	39,793	988,944

15. Trade and other payables

	2010	2009
	$	$
Trade payables	3,638,677	2,759,335
Unremitted funds	1,470,050	622,555
Sponsorship funds received in advance	975,202	1,277,147
Unspent government grants	171,155	125,094
Other unspent grant funds	-	19,411
	6,255,084	4,803,542

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

	2010 $	2009 $

16. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2010 $	2009 $
Current liabilities		
Finance lease liabilities	4,274	4,274
Non-current liabilities		
Finance lease liabilities	3,041	7,315

The finance lease liability is denominated in Australian dollars. The year of maturity is 2012. The face value of the liability at 30 June 2010 is $9,302 (2009: $14,768). The present value of the liability is $7,315 (2009: $11,589).

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2010	Interest 2010	Present value of minimum lease payments 2010	Future minimum lease payments 2009	Interest 2009	Present value of minimum lease payments 2009
Less than one year	5,466	1,192	4,274	5,466	1,192	4,274
Between one and five years	3,836	795	3,041	9,302	1,987	7,315
	9,302	**1,987**	**7,315**	**14,768**	**3,179**	**11,589**

There are no finance lease liabilities exceeding 5 years.

17. Employee benefits

	2010 $	2009 $
Current liabilities		
Liability for annual leave	129,698	116,607
Liability for long service leave	54,735	39,450
	184,433	156,057
Non-current liabilities		
Liability for long service leave	57,304	39,182

18. Share capital and reserves

Share capital
No share capital has been issued as the Company is limited by guarantee.

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

Bequest reserves
Bequest reserves are not restricted or designated for use in particular programs or some 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 however available to be allocated to other purposes according to the discretion of the directors.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets 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. They are not available for use in other ChildFund Australia work.

19. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. At 30 June 2010 there were 10 members (2009: 10 members).

20. Operating leases

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

	2010	**2009**
	$	**$**
Non- cancellable operating lease rentals are payable as follows:		
Less than one year	37,931	34,516
Between one and five years	74,108	53,544
	112,039	88,060

There are no operating lease commitments beyond 5 years.

21. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the end of each reporting period was:

	2010 $	2009 $
Available-for-sale financial assets	3,483,844	1,352,105
Trade and other receivables	418,988	289,552
Cash and cash equivalents	5,855,703	4,932,134
	9,758,535	6,573,791

The company's maximum exposure to credit risk for trade receivables at the end of each reporting period by geographical region was:

	2010 $	2009 $
Australia	379,325	224,847
Asia	39,663	64,705
	418,988	289,552

As the company is not engaged in any trading activities, the company does not have customers. Receivables are usually GST receivable from the ATO, AusAID and other overseas grants approved but not yet received. Of the carrying amount as at 30 June 2010, GST receivable accounted for $154,170 (2009: $123,103).

Impairment losses

The Company is not engaged in trading and receivables are recognised only when the other party has approved the payment and advised the Company. Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of receivables.

Liquidity risk

The Company has no borrowings other than a finance lease liability. The following are the contractual maturities of financial liabilities:

30 June 2010	**Carrying amount**	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**
Trade payables	5,108,727	5,108,727	-	-	-
Unspent grants	171,155	171,155	-	-	-
Finance lease liability	7,315	2,137	2,137	3,041	-
Total	5,287,197	5,282,019	2,137	3,041	-

30 June 2009	**Carrying amount**	**< 6 months**	**6-12 months**	**1-2 years**	**2-5 years**
Trade payables	3,381,890	3,381,890	-	-	-
Unspent grants	144,505	144,505	-	-	-
Finance lease liability	11,589	2,137	2,137	4,274	3,041
Total	3,537,984	3,528,532	2,137	4,274	3,041

The contractual cash flow of the financial liabilities is equal to the carrying amount.

Notes to the financial statements
Year ended 30 June 2010

21. Financial instruments (continued)

Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts.

	USD	VND	PGK
30 June 2010			
Trade receivables	13,482	-	53,978
Trade payables	(159,434)	(9,318,224)	(303,434)
Gross statement of financial position exposure	(145,952)	(9,318,224)	(249,456)
30 June 2009			
Trade receivables	2,750	-	127,498
Trade payables	(61,937)	(7,138,451)	(265,323)
Gross statement of financial position exposure	(59,187)	(7,138,451)	(137,825)

The end of each reporting period spot rates applied were:

AUD exchange rates	2010	2009
USD 1	1.2012	1.2392
VND 10,000	0.6305	0.6917
PGK 1	0.4348	0.4808

Interest rate risk

Profile

At the end of each reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount 2010 $	Carrying amount 2009 $
Fixed rate instruments		
Financial assets	3,809,518	900,546
Financial liabilities	(7,315)	(11,589)
Variable rate instruments		
Financial assets	3,680,029	4,756,403

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would change the company's equity and surplus by $42,205 (2009: $42,376). This analysis is based on the average interest rate earned on interest bearing funds and has been performed on the same basis as in 2009.

Notes to the financial statements
Year ended 30 June 2010

22. Related parties

Transactions with key management personnel

In addition to a salary, the Company 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:

	2010 $	2009 $
Short-term employee benefits	1,308,529	1,221,448

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

Other related party transactions

During the year ChildFund Australia paid ChildFund International an amount of $15,094 (2009: $10,339) for sponsorship administration fees. ChildFund International granted an amount of $355,256 (2009: $415,259) to ChildFund Australia to be used for sponsor acquisition.

During the year, sponsorship, gifts, donations and grants totalling $22,467,503 (2009: $21,357,459) were included in disbursements to ChildFund Alliance members who have the responsibility for allocating those funds to childcare programs throughout the world. During the year ChildFund Australia received $2,342,022 (2009: $2,652,844) from ChildFund Alliance members for programs in ChildFund Australia project offices.

National offices
The results of project offices are aggregated in these financial statements.

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

During the year, the Company remitted to the Papua New Guinea project office sponsorship, gifts and donations totalling $869,493 (2009: $866,205) and AusAID project amounts totalling $81,879 (2009: $238,227). At year-end, the deficiency in net assets of the Papua New Guinea project office was $2,157 (2009 deficiency in net assets of $834).

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

During the year, the Company remitted to the Vietnam project office sponsorship, gifts and donations totalling $3,210,795 (2009: $3,068,967) and AusAID project amounts totalling $1,067,328 (2009: $523,797). At the end of year, the net assets of the Vietnam project office were $404,833 (2009: $268,574).

Notes to the financial statements
Year ended 30 June 2009

22. Related parties (continued)

iii) Cambodia

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

During the year, the Company remitted to the Cambodia project office sponsorship and donations totalling $1,152,045 (2009: $1,094,852) and AusAID funds totalling $148,396 (2009: $150,592). At the end of year, the net assets of the Cambodia project office were $324,922 (2009: $270,439).

iv) Laos

The Company operates a project office in Laos to assist in the Company's principal activities. The project office is under the control of the Company.

During the year, the Company remitted to the Laos project office donations totalling $80,918 (2009: Nil) and AusAID funds totalling $189,366 (2009: Nil). At the end of year, the net assets of the Laos project office were $2,482 (2009: Nil).

23. Notes to the statement of cash flows

	2010 $	2009 $
Surplus/(Deficit) for the year	1,471,634	(213,974)
Adjustments for:		
Impairment of investments	-	531,939
Depreciation	71,075	95,523
Investment income	(115,535)	(128,852)
Interest income	(143,483)	(99,356)
Operating profit before changes in working capital and provisions	1,283,691	185,280
(Increase) in trade and other receivables	(96,772)	(30,695)
Increase in trade and other payables	1,451,542	1,099,600
Increase/(decrease) in employee benefits provisions	46,498	(9,851)
Net cash generated from operating activities	2,684,959	1,244,334

24. Table of cash movements for designated purposes

	Cash available 1 July 2009	Cash raised during the year	Cash disbursed during year	Cash available 30 June 2010
Total for all other purposes	4,932,134	39,685,587	(38,762,018)	5,855,703
Total	4,932,134	39,685,587	(38,762,018)	5,855,703

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total income for the period under review.

25. Additional information and declarations to be furnished under the Charitable Fundraising 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

	2010 $	2009 $
Gross revenue from public activities	32,211,787	29,667,671
Less: Public fundraising costs	(5,388,469)	(5,464,663)
Net public funds	26,823,318	24,203,008
Gross Government, overseas, multilateral & corporate grants	6,963,239	6,256,330
Less: Government, multilateral & corporate fundraising costs	(79,837)	(80,190)
Net Government, overseas, multilateral & corporate funds	6,883,402	6,176,140
Other revenue	699,042	676,120
Net funds raised	34,405,762	31,055,268
Overseas project disbursements	29,407,787	27,524,491
Unspent donations transferred to restricted reserves	165,897	242,122
Program support costs	1,177,984	735,541
Community education costs	396,527	222,032
Total funds disbursed towards the objectives of the Company	31,148,195	28,724,186
Administration expenses	1,951,830	2,255,239
Operating surplus/(Deficit) after movements in restricted reserves	1,305,737	75,843

Percentages

	2010	2009
Total cost of public fundraising/gross public fundraising income	16.7%	18.4%
Surplus from public fundraising/gross public fundraising income	83.3%	81.6%
Funds disbursed towards objectives/total expenditure	81.1%	78.6%
Funds disbursed towards objectives/total revenue received	78.1%	78.5%

Directors' declaration

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

(a) the financial statements and notes, set out on pages 6 to 27 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2010 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 (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Signed in accordance with a resolution of the directors.

Michael Rose
Director

Marcus Laithwaite
Director

Dated at Sydney this 20th day of September 2010.

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 2010;

(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 2010;

(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 2010; 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 20th day of September 2010.

Independent auditor's report to the members of ChildFund Australia

Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991 and Regulations

Report on the financial report

We have audited the accompanying financial report of ChildFund Australia, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 25 and the directors' declaration set out on page 28.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

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

The audit opinion expressed in this report pursuant to the Corporations Act 2001 has been formed on the above basis.

Independent auditor's report to the members of ChildFund Australia

Additional scope pursuant to the Charitable Fundraising (NSW) Act 1991 and Head Agreement between the Commonwealth of Australia and ChildFund Australia

In addition, our audit report has also been prepared for the members of the Company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and the requirements set out in clause 9-1 of the Head Agreement between the Commonwealth of Australia and the Company ("the Head Agreement"). Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional 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 Charitable Fundraising (NSW) Act 1991 and Regulations, and the examination requirement of the contract of three activities funded under the Head Agreement.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) 1991 Act has been formed on the above basis.

KPMG

Independent auditor's report to the members of ChildFund Australia

Auditor's opinion pursuant to the Corporations Act 2001

(a) the financial report of ChildFund Australia is in accordance with the Corporations Act 2001, including:

In our opinion:

i. giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the Financial Reporting Format set out by the Australian Council for International Development ("ACFID") for Non Government Development Organisations.

Auditor's opinion pursuant to the Charitable Fundraising (NSW) Act 1991

In our opinion:

(a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2010;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2009 to 30 June 2010, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2009 to 30 June 2010 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 (NSW) and Regulations; and

(d) there are reasonable grounds to believe that ChildFund Australia will be able to pay its debts as and when they fall due.

KPMG.

KPMG

Brett Mitchell
Partner

Sydney, 20th September 2010