ChildFund
Australia

Annual Financial Statements

Year Ended 30 June 2018

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 2018 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 Conservation Foundation, 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 the 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 facilitator for the Australian Institute of Company Directors (AICD) in Strategy & Risk & Governance and contributed to AICD's Good Governance Principles and Guidance for Not-For-Profit Organisations. David is a director of the Heart Foundation (NSW). 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.

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 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.

Richard Moore

Richard Moore is a consultant specialising in Asian economic, political and social transition, Manila based. Richard was previously Australia's Alternate Executive Director on the Asian Development Bank Board, a Ministerial adviser and AusAID Deputy Director General. As AusAID Gender Advocate, he was responsible for Australia's programs to address gender violence internationally and increase women's economic and political opportunities. Richard joined the ChildFund Board in November 2015 and is a member of the Program Review Committee and the Audit, Risk and Governance Committee.

Directors' report (continued)

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, 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, concreate, 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.

The following Directors resigned during or after the close of the financial year:

Yassmin Abdel-Magied – Resigned in July 2017

Michael Rose – Resigned in November 2017

Geordie Fung – Resigned in 25th September 2018

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		Governance Committee *	
	A	B	A	B	A	B	A	B	A	B
Michael Rose	1	1	-	-	-	-	-	-	-	-
Mary Latham	5	5	4	4	-	-	-	-	2	2
David Shortland	5	5	2	2	-	-	4	3	2	2
Justine Richardson	5	5	4	4	-	-	-	-	2	2
Jo Brennan	5	5	-	-	4	4	4	3	-	-
Carolyn Hardy	5	3	-	-	4	3	4	4	-	-
Richard Moore	5	5	4	3	4	4	-	-	2	2
Belinda Lucas	5	5	2	2	4	4	-	-	2	2
Anita Parer	4	3	-	-	-	-	2	1	-	-
David Bolton	4	4	2	2	-	-	-	-	2	2
Geordie Fung	2	2	-	-	-	-	-	-	-	-

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

* A decision was taken by the directors to consolidate the Audit and Risk Committee and the Governance Committee, into one committee in November 2017.

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

Directors' report (continued)

Objectives

The long-term objective of the Group is to create lasting and meaningful change by supporting long-term community development, responding to humanitarian emergencies 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 sponsorship and program expenditure; greater accountability and transparency.

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 $41,882,895 (2017: $41,502,484).

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 gain for the year was a surplus of $2,328,014 (2017: loss of $792,450), which included gain on investments of $102,682 (2017: $134,329) which has been taken to equity. The total equity of the Company increased to $11,296,341 (2017: $8,968,326).

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

On 1st July 2017 ChildFund Australia became the sole member of International Christian Aid Relief Enterprises Limited (ICARE). The principal activity of ICARE is an international aid and development organisation with a primary focus of transforming lives through education. From this date, the control of all operations related to ICARE were brought under the control of the management and board of ChildFund Australia. For the financial impact of this absorption, please refer to Note 24.

On 1st October 2017, ChildFund Australia assumed management responsibility of ChildFund Timor-Leste. The Timor-Leste operation was previously managed by ChildFund International.

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

Directors' report (continued)

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.

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 Company, 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 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 Group 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 $4,750 (2017: $3,150).

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 2018.

Signed in accordance with a resolution of the directors:

Mary Latham

Mary Latham
Director

Justine Richardson
Director

Dated at Sydney this 19th day of October 2018

KPMG

Lead auditor's independence declaration under section 307C of the Corporations Act 2001 and under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

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 2018 there has been:

- 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

- No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Cameron Roan
Partner

Sydney

19th day of October 2018

Consolidated Statement of comprehensive income

Year ended 30 June 2018

	Note	2018 $	2017 $
Revenue			
Monetary donations & gifts			
Child sponsorship donations		24,128,819	26,296,652
Other donations		4,246,383	4,347,559
		28,375,202	30,644,211
Legacies and bequests		154,488	297,633
Grants			
Department of Foreign Affairs and Trade		7,439,446	7,906,085
Other Australian	6	2,408,474	1,778,782
Overseas	7	13,650,084	10,111,467
		23,498,004	19,796,334
Investment income	8	292,243	249,491
Other income	9	783,617	513,092
Total revenue		**53,103,554**	**51,500,761**
Expenditure			
International Aid and Development Programs Expenditure			
International programs			
Funds to international programs	10	38,837,069	38,244,616
Program support costs		2,512,800	2,603,075
		41,349,869	40,847,691
Community education		533,026	654,793
Fundraising costs			
Public		6,328,326	7,926,863
Government, multilateral and private		120,135	101,085
Accountability and administration	11	2,546,866	2,897,108
Total expenditure		**50,878,222**	**52,427,540**
Surplus/(shortfall) of revenue over expenditure		**2,225,332**	**(926,779)**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	8	102,682	134,329
Total comprehensive surplus/(loss) for the year		**2,328,014**	**(792,450)**

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 28.

Consolidated Statement of financial position

As at 30 June 2018

	Note	2018 $	2017 (Restated) $
Assets			
Cash and cash equivalents	13	8,280,111	6,634,610
Trade and other receivables	14	3,070,446	926,438
Financial assets	15	6,832,421	7,707,688
Total current assets		18,182,978	15,268,736
Property, plant and equipment	16	984,707	943,307
Intangibles	17	1,421,299	1,624,342
Total non-current assets		2,406,006	2,567,649
Total assets		20,588,984	17,836,385
Liabilities			
Trade and other payables	18	7,587,360	7,120,439
Provisions	19	914,418	1,016,745
Total current liabilities		8,501,778	8,137,184
Provisions	19	790,865	730,876
Total non-current liabilities		790,865	730,876
Total liabilities		9,292,643	8,868,060
Net assets		11,296,341	8,968,326
Equity			
Unrestricted reserves			
Retained surplus	20	1,856,043	1,281,479
Bequest reserve	20	500,000	500,000
Fair-value reserve	20	783,861	681,179
		3,139,904	2,462,658
Restricted reserves	20	8,156,437	6,505,668
Total equity		11,296,341	8,968,326

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 28.

Consolidated Statement of changes in equity

Year ended 30 June 2018

	Retained surplus	Bequest reserve	Fair value reserve	Restricted reserve	Total equity
	$	$	$	$	$
Balance as at 1 July 2016	2,332,505	500,000	546,850	1,217,123	4,596,478
Reclassification (see note 27)	-	-	-	5,164,299	5,164,299
Re-stated total equity at the beginning of the financial year	-	-	-	6,381,422	9,760,777
Total comprehensive income for the period					
Shortfall in revenue over expenditure	(926,779)	-	-	-	(926,779)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	-	-	134,329	-	134,329
Transfers to restricted funds	(2,328,810)	-	-	2,328,810	-
Transfers from restricted funds	2,204,563	-	-	(2,204,563)	-
Balance as at 30 June 2017	1,281,479	500,000	681,179	6,505,669	8,968,327
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

The consolidated statement of changes in equity has been restated to take account of the reclassification as stated in Note 27.

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 28.

Consolidated Statement of cash flows

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Cash receipts in the course of operations		52,633,512	52,366,113
Cash payments in the course of operations		(52,290,962)	(52,967,858)
Net cash from/(used in) operating activities	25	342,550	(601,745)
Cash flows from investing activities			
Cash acquired - ICARE		165,081	-
Acquisition of available-for-sale financial assets		(177,633)	(135,693)
Bank term deposits		1,155,582	183,690
Acquisition of intangibles, property, plant & equipment		(103,487)	34,495
Investment income received		206,583	178,386
Interest received		56,824	69,861
Net cash from investing activities		1,302,950	330,739
Net increase/(decrease) in cash and cash equivalents		1,645,500	(271,006)
Cash and cash equivalents at 1 July		6,634,610	6,905,616
Cash and cash equivalents at 30 June	13	8,280,110	6,634,610

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 28.

Notes to the financial statements
Year ended 30 June 2018

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 Company 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 4th of October 2018.

(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 Group'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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) 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 group 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 company has one subsidiary; International Christian Aid Relief Enterprises Limited (ICARE). The company operates in six overseas branches as at 30 June 2018, being Cambodia, Timor-Leste, Laos, Myanmar; Papua New Guinea and Vietnam.

3. Significant accounting policies

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 their consolidated statement of comprehensive income in accordance with the Code of Conduct Implementation Guidance.

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 consolidated statement of comprehensive income as revenue when the Group gains control of the contribution or the right to receive the contribution. Amounts prepaid by 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.

Grants
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.

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 consolidated statement of comprehensive income, using the effective interest method.

(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.

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 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.

(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 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.

Available-for-sale financial assets:
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.

Non-financial assets:
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.

(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.

3. Significant accounting policies (continued)

(i) Property, plant and equipment (continued)

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) 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 derecognised, the cumulative gain or loss in equity is recognised in the consolidated statement of comprehensive income.

(l) 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.

(m) 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 Company as the benefits are taken by the employees.

Notes to the financial statements
Year ended 30 June 2018

3. Significant accounting policies (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.

(n) 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.

(o) Cash and cash equivalents

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

Notes to the financial statements
Year ended 30 June 2018

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 last sale price at the end of each reporting period.

5. Personnel expenses

	2018 $	2017 $
Salaries and wages	4,937,204	4,858,570
Other associated personnel expenses	101,549	143,610
Contributions to defined contribution superannuation funds	460,785	457,396
(Decrease)/increase in liability for leave	(4,527)	28,886
	5,495,011	5,488,462

6. Other Australian Grants

During the year $1,680,998 (2017: $2,685,849) of grants were received from other Australian organisations. Of this and previous years deferred revenue from the Department of Immigration & Border Protection (DIBP), an amount of $2,408,474 (2017: $1,778,782) was recorded as revenue.

7. Overseas Grants

During the year, $13,687,013 (2017: $10,371,623) of grants was received from members of ChildFund Alliance and other multi-lateral donors. Of this, $13,650,084 (2017: $10,111,467) was recorded as revenue.

8. Investment income

	2018 $	2017 $
Recognised in profit or loss		
Income from available-for-sale financial assets	220,864	178,386
Interest on bank deposits	71,379	71,105
	292,243	249,491
Recognised in other comprehensive income		
Net change in fair value of available- for- sale financial assets	102,682	134,329
	102,682	134,329

9. Other income

	2018 $	2017 $
Fundraising grant – ChildFund International	394,529	428,925
Foreign exchange gains	152,123	-
Other	86,165	84,167
Gain on ICARE acquisition	150,800	-
	783,617	513,092

10. Funds to international programs

	2018 $	2017 $
Asia & Pacific	28,414,278	26,422,672
Africa	8,635,520	9,745,058
Latin America	1,787,271	2,076,886
	38,837,069	38,244,616

Notes to the financial statements
Year ended 30 June 2018

11. Administration expenses

	2018 $	2017 $
Administration staff salaries and other associated personnel expenses (part of personnel expenses set out in note 5)	2,092,949	2,285,849
Depreciation	62,087	75,795
Amortisation*	80,202	87,308
Foreign exchange losses	-	158,052
Other administration expenses	311,628	290,104
	2,546,866	2,897,108

*Total amortisation costs of $203,043 (refer note 17) for the marketing software solution has been apportioned among fundraising, program support and administration expenses.

12. Auditors remuneration

	2018 $	2017 $
Audit services:		
Auditors of the Company		
KPMG Australia:		
- audit of financial statements	48,000	46,000
Overseas KPMG firms:		
- audit and review of financial statements	79,217	67,663
Overseas other audit firms:		
- audit and review of financial statements	-	4,640
	127,217	118,303
Other services:		
Overseas KPMG firms:		
- other services (project audits)	12,645	12,862
Overseas other audit firms:		
- other services (project audits)	23,446	-
	36,091	12,862

13. Cash and cash equivalents

	2018 $	2017 *Restated $
Cash at bank (held in AUD)	360,956	316,495
Cash at bank (held in USD)	2,792,727	2,754,421
Cash deposits (held in AUD and USD)	4,119,330	2,209,404
Cash at bank, branch offices & Others (held in various currencies)	1,007,098	1,354,290
Cash and cash equivalents in statement of cash flows	8,280,111	6,634,610

*The prior year comparative for Cash at bank, branch offices & others has been restated to effect a reclassification as stated in Note 27.

Notes to the financial statements
Year ended 30 June 2018

13. Cash and cash equivalents (continued)

Cash at bank
The weighted average interest rate on cash at bank in AUD at 30 June 2018 was 0.01% (2017: 0.02%). No interest is receivable on USD bank balance.

Cash deposits
The deposits are fixed term deposits maturing within three months of the period end, and funds in "maxi saver" accounts. The weighted average interest rate on short term deposits as at 30 June 2018 is 1.5% (2017: 0.6%).

	2018 $	2017 *(Restated) $
14. Trade and other receivables		
Sundry debtors	2,813,077	813,573
Prepayments	257,369	112,865
	3,070,446	926,438

*The prior year comparative for Trade and other receivables has been restated to effect a reclassification as stated in Note 27.

15. Financial assets

Term deposits	3,447,980	4,603,562
Available-for-sale financial assets, at fair value	3,384,441	3,104,126
	6,832,421	7,707,688

An unrealised gain of $102,682 (2017: $134,329) being the difference between the fair value of the available for sale financial assets at balance date and carrying value was taken up in equity.

The company's available-for-sale financial assets are managed by JB Were.

Notes to the financial statements
Year ended 30 June 2018

16. Property, plant and equipment

	Buildings	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
Balance at 1 July 2017*	1,182,042	1,663,635	2,845,677
Acquisitions	-	190,111	190,111
Disposals	-	(115,535)	(115,535)
Balance at 30 June 2018	1,182,042	1,738,211	2,920,253
Depreciation			
Balance at 1 July 2017*	454,359	1,448,010	1,902,369
Depreciation charge for the year	31,639	113,092	144,731
Disposals		(111,554)	(111,554)
Balance at 30 June 2018	485,998	1,449,548	1,935,546
Carrying amounts			
At 1 July 2017*	727,683	215,625	943,308
At 30 June 2018	696,044	288,663	984,707

*The prior year comparative for Property, plant and equipment has been restated to effect a reclassification as stated in Noted 27.

17. Intangibles

	Total
Software	$
Cost	
Balance at 1 July 2017	2,192,862
Balance at 30 June 2018	2,192,862
Amortisation	
Balance at 1 July 2017	568,520
Amortisation charge for the year	203,043
Balance at 30 June 2018	771,563
Carrying amounts	
At 1 July 2017	1,624,342
At 30 June 2018	1,421,299

18. Creditors

Trade and other payables

	2018 $	2017 *(Restated) $
Accounts payable	1,102,647	1,291,088
Unremitted funds	1,191,852	1,643,662
Revenue received in advance	463,118	486,845
Deferred Grant Revenue	4,829,743	3,698,844
	7,587,360	7,120,439

*The prior year comparative for Trade and other payables has been restated to effect a reclassification as stated in Note 27.

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

19. Provisions

	2018 $	2017 *(Restated) $
Current liabilities		
Liability for annual leave	572,364	705,270
Liability for long service leave	342,054	311,475
	914,418	1,016,745
Non-current liabilities		
Liability for annual leave	676,368	604,384
Liability for long service leave	114,497	126,492
	790,865	730,876

*The prior year comparative for Provisions has been restated to effect a reclassification as stated in Note 27.

20. 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.

21. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. At 30 June 2018 there were 10 members (2017: 9 members).

22. Operating leases

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

	2018 $	2017 $
Non- cancellable operating lease rentals are payable as follows:		
Less than one year	29,182	29,396
Between one and five years	70,208	89,750
	99,390	119,146

There are no operating lease commitments beyond 5 years.

23. 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:

	2018 $	2017 $
Short-term employee benefits	974,578	980,778

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 $394,529 (2017: $428,925) to ChildFund Australia to be used for sponsor acquisition.

During the year, sponsorship, gifts, donations and grants totalling $15,299,823 (2017: $18,270,273) 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 $11,589,213 (2017: $9,180,798) from ChildFund Alliance members for programs in ChildFund Australia managed country programs. ChildFund Alliance members also sent $237,133 to ChildFund Australia for Rohingya Crisis appeal.

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

23. Related parties (continued)

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 Group remitted to the Papua New Guinea country office sponsorships and donations totalling $1,417,219 (2017: $1,324,101); Department of Foreign Affairs and Trade (DFAT) grants totalling $631,588 (2017: $837,728) and other grants totalling $2,302,607 (2017: $724,672). At year-end, the net assets of the Papua New Guinea country office were $104,523 (2017: $102,374).

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 Group remitted to the Vietnam country office sponsorship, gifts and donations totalling $4,182,346 (2017: $5,605,983); DFAT grants totalling $685,938 (2017: $1,257,229) and other grants totalling $260,156 (2017: $0). At the end of year, the net assets of the Vietnam country office were $4,563,322 (2017: $4,340,261).

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 Group remitted to the Cambodia country office sponsorship and donations totalling $6,318,187 (2017: $4,186,391) and DFAT grants totalling $500,000 (2017: $700,000). At the end of year, the net assets of the Cambodia country office were $441,405 (2017: $983,077).

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 Group remitted to the Laos country office sponsorships and donations totalling $1,096,287 (2017: $1,287,487); DFAT funds totalling $1,511,000 (2017: $1,331,000) and other grants totalling $749,957 (2017: 685,297). At the end of year, the net assets of the Laos country office were $215,105 (2017: $182,182).

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.

During the year, the Group remitted to the Myanmar country office donations totalling $373,811 (2017: $750,827) and DFAT grants totalling $740,000 (2017: $730,000). At the end of year, the net assets of the Myanmar country office were $22,876 (2017: $43,376).

23. Related parties (continued)

vi) Timor-Leste

ChildFund Australia assumed management responsibility of ChildFund Timor-Leste effective 1st October 2018. 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 Group remitted to the Timor-Leste country office donations totalling $1,256,431 and DFAT grants totalling $350,000. At the end of year, the net assets of the Timor-Leste country office were $ 1,097,612.

vii) Pass it Back

During the year, the ChildFund Pass it Back Regional Program operated in Laos and Vietnam. Total funding of the Regional Program amounted to $547,790 (2017: $320,293).

24. Business Combination

On 1 July 2017 ChildFund Australia merged with International Christian Aid Relief Enterprises Limited (ICARE) (company limited by guarantee) and became the sole member of the Company. There was no purchase consideration provided as part of the absorption (cash or other consideration).

The absorption meets the definition of a business combination for accounting purposes and ChildFund Australia has been identified as the acquirer.

The assets and liabilities acquired as a result of the absorption are as follows:

	Fair Value
	$
Cash	165,081
Trade and Other Receivables	5,652
Plant and Equipment	1,107
Trade and Other Payables	(21,040)
Net identifiable assets acquired	150,800
Purchase consideration	-
Gain on acquisition	150,800

25. Notes to the statement of cash flows

	2018 $	2017 $
Surplus/ (deficit) for the year	2,225,332	(926,779)
Depreciation and disposal	62,087	75,795
Amortisation	203,043	203,043
Investment income	(220,864)	(178,386)
Gain on ICARE acquisition	(150,800)	-
Interest income	(56,824)	(69,862)
Operating gain / (loss) before changes in working capital and provisions	2,061,974	(896,189)
(Increase) in trade and other receivables	(2,144,008)	(79,360)
Increase/(decrease) in trade and other payables	466,922	(3,063)
(Decrease)/increase in employee benefits provisions	(42,338)	376,867
Net cash from/(used in) operating activities	342,550	(601,745)

Notes to the financial statements
Year ended 30 June 2018

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

	2018 $	2017 $
Gross revenue from public activities	28,529,690	30,941,844
Less: Public fundraising costs	(6,328,326)	(7,926,863)
Net public funds	22,201,364	23,014,981
Gross Government, overseas, multilateral & corporate grants	23,498,004	19,796,334
Less: Government, multilateral & corporate fundraising costs	(120,135)	(101,085)
Net Government, overseas, multilateral & corporate funds	23,377,869	19,695,249
Other revenue	1,075,860	762,583
Net funds raised	46,655,093	43,472,813
Overseas project disbursements	38,837,069	38,244,616
Program support costs	2,512,800	2,603,075
Community education costs	533,026	654,793
Total funds disbursed towards the objectives of the Company	41,882,895	41,502,484
Accountability and administration expenses	2,546,866	2,897,108
Operating surplus/(deficit)	2,225,332	(926,779)

Notes to the financial statements
Year ended 30 June 2018

27. Reclassification of Comparatives

During 2018 ChildFund Australia reviewed it's methodology for aggregating the financial results of its overseas branches. The review determined it more appropriate to disclose unremitted funds to overseas branches as equity on the balance sheet rather than as a current liability. Other overseas branch assets and liabilities that were previously aggregated under current liabilities have also been reclassified into their respective balance sheet categories.

There was no impact from the reclassification on the consolidated statement of comprehensive income or the consolidated statement of cash flows for the year ended 30 June 2017.

The following table summarises the impact of the reclassification of the Group's financial statements:

Consolidated Statement of Financial Position

	Impact of Reclassification		
1 July 2016	**As previously reported**	**Adjustments**	**As re-stated**
	$	**$**	**$**
Trade and other payables (current)	12,727,620	(5,164,299)	7,563,321
Total Current Liabilities	**13,200,224**	**(5,164,299)**	**8,035,925**
Total Liabilities	**13,488,569**	**(5,164,299)**	**8,324,270**
Net Assets	**4,596,478**	**5,164,299**	**9,760,777**
Restricted Reserves	1,217,123	5,164,299	6,381,422
Total Equity	**4,596,478**	**5,164,299**	**9,760,777**

30 June 2017	**As previously reported**	**Adjustments**	**As re-stated**
	$	**$**	**$**
Cash and cash equivalents	6,623,192	11,418	6,634,610
Trade and other receivables	803,213	123,225	926,438
Financial assets	7,669,145	38,543	7,707,688
Total current assets	**15,095,550**	**173,186**	**15,268,736**
Property, plant and equipment	779,146	164,161	943,307
Total non-current assets	**2,403,488**	**164,161**	**2,567,649**
Total Assets	**17,499,038**	**337,347**	**17,836,385**
Trade and other payables (current)	12,905,176	(5,784,737)	7,120,439
Provisions (current)	537,743	479,002	1,016,745
Total current liabilities	**13,442,919**	**(5,305,735)**	**8,137,184**
Provisions (non-current)	252,091	478,785	730,876
Total non-current liabilities	**252,091**	**478,785**	**730,876**
Total Liabilities	**13,695,010**	**(4,826,950)**	**8,868,060**
Net assets	**3,804,027**	**5,164,299**	**8,968,326**
Restricted Reserves	1,341,369	5,164,299	6,505,668
Total Equity	**3,804,027**	**5,164,299**	**8,968,326**

Directors' declaration

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

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 8 to 28 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 2018 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 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.

Mary Latham

Mary Latham
Director

Richardson

Justine Richardson
Director

Dated at Sydney this 19th day of October 2018

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 2018;

(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 2018;

(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 2018; 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 19th day of October 2018

KPMG

Independent Auditor's Report

To the members of ChildFund Australia

Report on the audit of the Financial Report

Opinion

We have audited the ***Annual Financial Statements***, of ChildFund Australia (the Company).

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

i. giving a true and fair view of the Group's financial position as at 30 June 2018, and of their financial performance and their cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

iii. comply with the presentation and disclosure requirements of the ACFID Code of Conduct.

The ***Annual Financial Statements*** comprise:

i. Consolidated statement of financial position as at 30 June 2018.

ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration.

v. Declaration by the Chief Executive Officer in respect of fundraising appeals of the Company.

The ***Group*** consists of 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 Financial Report* section of our report.

We are independent of the Group in accordance with the 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 Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – Reclassification of comparative balances

We draw attention to Note 27 to the financial statements, which states that amounts reported in the previously issued 30 June 2017 financial report have been reclassified and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.

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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

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

In connection with our audit of the 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:

i. Preparing the Annual Financial Statements that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Preparing the Annual Financial Statements in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.

iii. 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.

iv. Assessing the Group's ability to continue as a going concern 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 or to cease operations, or have no realistic alternative but to do so.

KPMG

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

Our objective is:

i. 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

ii. 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 judgment and maintain professional scepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error.

ii. Designing and performing audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

iii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.

iv. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

v. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group to cease to continue as a going concern.

vi. Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. 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.

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

i. the Annual Financial Statements gives a true and fair view of the Group's financial result of fundraising appeal activities for the financial year ended 30 June 2018;

ii. the Annual Financial Statements has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2017 to 30 June 2018, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2017 to 30 June 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

iv. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

KPMG

Cameron Roan

Partner

Sydney

19 October 2018