

# **Médecins Sans Frontières Australia Limited**

ABN 74 068 758 654

Consolidated Financial Report for the Financial Year  
Ended 31 December 2019

# Médecins Sans Frontières Australia Limited

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## Consolidated financial report for the financial year ended 31 December 2019

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# Médecins Sans Frontières Australia Limited

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## Directors' Report

The Directors of Médecins Sans Frontières Australia submit herewith the annual financial report of the company for the financial year ended 31 December 2019. The names and particulars of the directors during or since the end of the financial year are:

- Dr Stewart Condon** Elected 28 May 2011, re-elected 26 April 2014, re-elected 6 May 2017. President Médecins Sans Frontières Australia from 22 June 14. Locum Career Medical Officer - Emergency Department NSW Health. Resident of Australia. Attended nine out of nine Directors' meetings.
- Ms Katrina Penney\*** Vice President from 31 August 2015. Elected 18 May 2013, re-elected 29 April 2016. Registered Nurse and Midwife. Resident of New Zealand. Attended two out of three Directors' meetings.
- Mr Anthony Flynn** Elected to the Board 26 April 2014, re-elected 6 May 2017. Vice-President from 6 May 2017. Registered Nurse. General Manager, Programs and Information Services, Asthma Foundation Queensland and New South Wales. Resident of Australia. Attended eight out of nine Directors' meetings.
- Mr Dwin Tucker** Treasurer Médecins Sans Frontières Australia from 29 April 2016. Elected to the Board 16 May 2015, re-elected 25 May 2018. Director Clearasound and TurnkeyIO. Resident of Australia. Attended nine out of nine Directors' meetings.
- Ms Beth Hilton-Thorp** Elected 18 May 2013, re-elected 29 April 2016, re-elected 12 May 2019. Lawyer and consultant. Resident of Australia. Attended eight out of nine Directors' meetings.
- Mr Emmanuel Lavieuville** Elected to the Board 25 May 2018. Operations manager at Aspen Medical, Senior Program Office, Care Australia. Resident of Australia. Attended nine out of nine meetings
- Dr Jacqueline Hewitt** Appointed to Board 31 August 2016, elected 6 May 2017. Medical Doctor - Paediatric Endocrinologist.. Resident of Australia. Attended eight out of nine Directors' meetings.
- Ms Patricia Schwerdtle** Appointed to the Board on 21 June 2017, elected 25 May 2018. Registered Nurse and Academic, Heidelberg Institute of Global Health, Heidelberg University, Germany.. Resident of Australia. Attended eight out of nine meetings.
- Dr Méguerditch Terzian** Appointed to the Board on 6 March 2017. Medical Doctor. Resident of France. Attended seven out of nine meetings.
- Ms Chatu Yapa** Elected to the Board 25 May 2018. Public Health Medicine registrar, National Centre for Epidemiology & Population Health, Australian National University. Resident of Australia. Attended eight out of nine Directors' meetings.
- Ms Kerry Atkins\*\*** Elected to the Board 12 May 2019. CPA qualified, Consultant, World Bank Group. Resident of Australia. Attended six meetings out of six meetings.

# Médecins Sans Frontières Australia Limited

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## Directors' Report (continued)

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All Directors have held office for the duration of the financial year except for:

- \* Katrina Penney whose term as Board Director ended on 12 May 2019.
- \*\* Kerry Atkins whose term as Board Director commenced on 12 May 2019.

### COMPANY SECRETARY (JOINT)

Ms Jennifer Tierney, Executive Director of Médecins Sans Frontières Australia Limited ('MSF') since 2 December 2019 and Company Secretary of MSF from 16 December 2019.

Ms Emma Sullivan Smith, Association Coordinator of Médecins Sans Frontières Australia Limited ('MSF') since January 2017 and Company Secretary of MSF from 3<sup>rd</sup> April 2019.

### SHORT-AND LONG-TERM OBJECTIVES AND STRATEGY

The Group's short-and long-term objectives are to:

- Generate resources for activation of international humanitarian assistance;
- Build medico-operational competence; and
- Build reputation and identity of MSF.

The Group's strategy for achieving these objectives includes:

- Recruit, prepare and provide professional skilled and motivated career staff prepared for the field and matched to meet needs within the MSF movement from Australia and New Zealand;
- Encourage the Australian and New Zealand public to financially engage with MSF Australia Limited with enthusiasm, conviction and commitment.
- Provide medico-operational input into MSF field operations with an emphasis on mother and child health and enhance MSF Australia Limited's role as a relevant MSF office with medical expertise in the MSF movement; and
- Market the organisation's medical humanitarian action to all identified audiences, advocate on behalf of populations in crisis and contribute to improving the quality of medical and operational communication aims of the MSF movement;

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year to 31 December 2019 have been:

- Fundraising from the general public in order to finance the field operations of MSF.
- Liaison with institutions and individuals in Australia and internationally, with a view to obtaining funding or other operational support for field projects, and for co-ordination with other organisations involved in overseas humanitarian relief.
- Provision of medical expertise in mother and child health through direct visits to MSF medical humanitarian projects overseas, technical support and oversight, preparation of medical field staff, medical training, medico-operational research, medical communications and medical policy development.
- Operational participation in the field projects of the international movement of MSF, through financing field operations assignment of field staff humanitarian relief workers; participation

# Médecins Sans Frontières Australia Limited

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## Directors' Report (continued)

as faculty in various Australian and international training courses for such field staff; and evaluation missions to field projects.

- Community education in the form of dissemination of public information on humanitarian and development issues; provision of materials and source people to journalists in the print and electronic media; publication of newsletters; participation in seminars; and guest lectureships at secondary schools and universities.

The nature of each of these activities has not changed significantly during the year. They are described in the Annual Review that will be available to the public from July 2020.

### PERFORMANCE MEASURES

The Group measures performance through the establishment and monitoring of benchmarks including:

- Fundraising meets the needs of the movement to fund operations;
- Proportion of financial resource spend between social mission and administrative costs within an appropriate range;
- Australian and New Zealand recruitment and placement executed to meet resource needs identified within the MSF movement;
- Operational impact for Sydney Medical Unit expertise in mother and child health continues; and
- Field communications, awareness raising, lobbying and advocacy furthered through intervention of the Sydney communications department.

The performance against these key performance indicators is as follows:

- Private revenue in 2019 is at a similar level with 2018;
- Financial resources allocated 76% social mission costs to 24% administration in 2019;
- 45 new recruits and 175 field placements made during 2019 in accordance with identified needs;
- In 2019, 50 projects in 23 countries received technical oversight, field support and training in women's health and children's health, and care to victims of sexual violence; and
- In 2019, MSF Australia Communications supported our patients' access to healthcare by producing a cross-cutting dossier of Safe Abortion Care to destigmatise women who need access to this care and our medical staff who provide it. We continued to inform our audiences about the situation of refugees and asylum seekers in offshore processing centres and advocate on their behalf, communicating on our tele-mental health support for these populations and supporting the 'Save Medevac' campaign. Communications coordinated the 25 years of MSF Australia commemoration and the visit of MSF International President Dr Joanne Liu. We engaged our online audiences and Australian and New Zealand media about major crises including the conflict in Syria and Yemen and the measles and Ebola outbreaks in Democratic Republic of Congo.

# Médecins Sans Frontières Australia Limited

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## Directors' Report (continued)

### REVIEW OF OPERATIONS

The net operating deficit for the financial year to 31 December 2019 was \$7,383,281 (2018: operating deficit of \$4,893,699). Deficits can result from a timing difference across years, between inflow of fundraising funds and an outflow of funds to operational centres. The increase of the deficit in 2019 is also due to an increased investment in building the MSF New Zealand Fundraising base.

### CHANGES IN STATE OF AFFAIRS

During the financial year there was no other significant change in the state of affairs of the Group, other than that referred to in the financial statements or notes thereto.

Médecins Sans Frontières Australia Limited continued the strategy of face to face fundraising whereby the organisation contracts a third party to approach members of the public, in public places, to recruit new field partners. The financial impact continues to be that a cost is created at the outset that is more than made up over subsequent years of income. Médecins Sans Frontières Australia Limited continues to diversify its sources of funding and to increase the proportion of funding that comes from regular field partner donations.

Due to the Australian bushfires that occurred in the last quarter of 2019, our Christmas appeal was affected as many of our donors have a profile to respond to emergencies such as natural disasters.

Médecins Sans Frontières Australia Limited continues to contract and pay field staff directly from Australia when they go to the field. Field staff are seconded to and managed by the Operational Centres running each project. The financial impact of this is not significant as the salary cost incurred by Médecins Sans Frontières Australia Limited is recharged to the relevant Operational Centres.

In total, during 2019, Médecins Sans Frontières Australia Limited committed \$44,502,301 (2018: \$45,774,251) of funds to the field to Médecins Sans Frontières France, and \$19,072,415 (2018: \$19,617,536) to Médecins Sans Frontières Switzerland.

In selecting the projects which Médecins Sans Frontières Australia Limited supports through its grant payments to Operational Centre Paris and Operational Centre Geneva, the DFAT list of developing countries is consulted to ensure compliance requirements are fulfilled.

In December 2019, due to MSFA's Policy on Executive Director's Tenure of Office, Paul McPhun stepped down as Executive Director. The Board acknowledge the significant contribution he made in substantially building MSFA and the resultant positive outcomes for our beneficiaries during his time and thanked him for his service. During the same month the Board welcomed Jennifer Tierney as the new Executive Director after an extensive search process.

### DONATIONS IN KIND

Over the course of the year the Group has received donations in kind from a number of sources. These donations may be physical assets for use in the Group, items to be sent to the field or services provided to Médecins Sans Frontières at reduced rates.

# Médecins Sans Frontières Australia Limited

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## Directors' Report (continued)

The value of donations in kind received during the year to 31 December 2019 is \$341,143 (2018: \$291,991). This amount has been brought to account in the financial statements.

### **VOLUNTARY ASSISTANCE AND FIELD STAFF**

In addition to donations in kind the Group recruits a number of staff in the field for Médecins Sans Frontières Operational Centres. There are five Médecins Sans Frontières Operational Centres and they are located in Belgium, France, Holland, Spain and Switzerland. Many of the field staff are professional staff. The Group estimates that the total salaries forgone by field staff working within their professional capacity in Australia for the year ended 31 December 2019 to be approximately \$4,200,790 (2018: \$5,204,070).

The Group estimates that the total salaries forgone by field staff working within their professional capacity in Australia who undertook missions of less than three months to be approximately \$840,429 (2018: \$1,249,983).

Médecins Sans Frontières Australia Limited also have a number of volunteers who freely give their time in the Australia office to assist in office based activities. The estimated value of this is approximately \$139,361 (2018: \$138,673).

The Board of Directors (except for the President of the Board, who receives a partial salary) and Association also freely give their time to Médecins Sans Frontières Australia Limited. The estimated value of the time provided by the Board of Directors is approximately \$460,000 (2018: \$320,000).

This time donated by office volunteers, and salaries which would have been paid to the volunteers sent to the field, are not brought to account in the financial statements since they cannot be reliably measured (estimates above are based on high level analysis only).

### **MONEY SPENT**

The mission of Médecins Sans Frontières Australia Limited is to provide humanitarian assistance to populations in danger and to increase awareness of the plight of these populations. The international Médecins Sans Frontières movement as a whole, targets a social mission ratio whereby around 80% of expenditure is directly devoted to this social mission. In 2019 Médecins Sans Frontières Australia Limited spent \$77,154,243 to the social mission therefore representing 76% of total expenditure (2018: \$77,980,00). A number of factors impact the ratio and will continue to be ongoing factors:

- Maintaining sufficient levels of cash reserves in subsequent years to preserve the safety of operational funding.
- Responding to the operational needs of the Operational Centres.
- Administrative and Fundraising requirements.

# Médecins Sans Frontières Australia Limited

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## Directors' Report (continued)

### SUBSEQUENT EVENTS

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and are evidence of conditions that existed at the end of the reporting period. As the COVID-19 pandemic occurred at 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

### FUTURE DEVELOPMENTS

It is likely that in future financial years, the Group will continue to provide operational, financial and human resource support to the field operations of Médecins Sans Frontières financed substantially by income from private fundraising. Where possible, subject to the availability of resources, the company intends to increase its level of support for the field operations of Médecins Sans Frontières.

Médecins Sans Frontières Australia Limited is looking to further consolidate its presence into New Zealand and in partnership with regional Médecins Sans Frontières sections, expand its presence into new countries in South East Asia.

### DIVIDENDS

Under the terms of the Group's constitution, the Group is not authorised to pay dividends.

### INDEMNIFICATION OF OFFICERS

During the financial year, the Group paid a premium in respect of a contract insuring the directors and officers of the company (as listed on page 3 of the financial report) against a liability incurred as such a director to the extent permitted by the Australian Charities and Not-for-Profits Commission Act 2012. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the company or of any related body corporate against a liability incurred as such an officer.

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# **Médecins Sans Frontières Australia Limited**

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## **Directors' Report (continued)**

### **INDEMNIFICATION OF AUDITORS**

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

### **REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

Information about the remuneration of directors and senior management is set out in Note 5 of the financial report on page 31.

# Médecins Sans Frontières Australia Limited

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## INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration that has been provided in accordance with subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012 is set out on page 11.

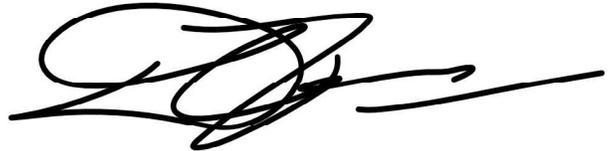
Signed in accordance with a resolution of the directors.

On behalf of the Directors



Dr Stewart Condon  
Director

Sydney, 27<sup>th</sup> April 2020



Mr Dwin Tucker  
Director

Sydney, 27<sup>th</sup> April 2020



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## **Auditor's Independence Declaration to the Directors of Médecins Sans Frontières Australia Limited**

In relation to our audit of the financial report of Médecins Sans Frontières Australia Limited for the financial year ended 31 December 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

A stylized signature logo for Ernst & Young, written in a cursive script.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Anton Ivaiyi'.

Anton Ivaiyi  
Partner  
Sydney  
27 April 2020



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## **Independent Auditor's Report to the Members of Médecins Sans Frontières Australia Limited**

### **Report on the Financial Report**

#### **Opinion**

We have audited the financial report of Médecins Sans Frontières Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### **Emphasis of Matter: Subsequent Events - Impact of the Coronavirus (COVID-19) Outbreak**

We draw attention to Note 17 of the financial report which notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 and how this has been considered by the Directors in the preparation of the financial report. As set out in Note 17, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

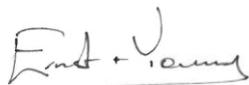
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test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

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

## Opinion

In our opinion:

- a) the financial report of the Company has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2019, in all material respects, in accordance with:
  - i. sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
  - ii. sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
  - iii. the *WA Charitable Collections Act (1946)*; and
  - iv. the *WA Charitable Collections Regulations (1947)*.
- b) the money received as a result of fundraising appeals conducted by the Company during the financial year ended 31 December 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations.



Ernst & Young



Anton Ivanyi  
Partner  
Sydney  
27 April 2020

# Médecins Sans Frontières Australia Limited

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## Directors' Declaration

In accordance with a resolution of the directors of Médecins Sans Frontières Australia Limited, I state that in the opinion of the directors:

- (a) the consolidated financial statements and notes of the Group are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

## Directors' Declaration under the NSW Charitable Fundraising Act 1991

In accordance with a resolution of the directors of Médecins Sans Frontières Australia Limited, I state that in the opinion of the directors:

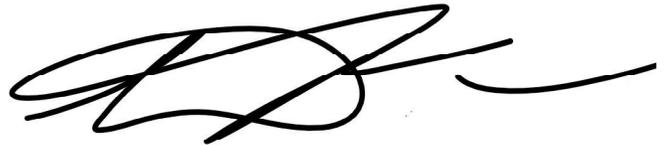
- (a) the Consolidated Statement of Comprehensive Income gives a true and fair view of all income and expenditure of the Group with respect to fundraising appeals;
- (b) the Consolidated Statement of Financial Position gives a true and fair view of the state of affairs of the Group with respect to fundraising appeals;
- (c) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Group; and
- (d) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

On behalf of the Board



Dr Stewart Condon  
Director

Sydney, 27<sup>th</sup> April 2020



Mr Dwin Tucker  
Director

Sydney, 27<sup>th</sup> April 2020

# Médecins Sans Frontières Australia

## Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2019

	Note	2019	2018
		\$	\$
Revenue	4(a)	92,711,432	93,623,508
<i>Social mission costs</i>			
Field costs		(69,493,055)	(71,921,852)
Other project costs		(4,492,803)	(3,581,752)
Community education expenses		(3,168,385)	(2,476,401)
<i>Total social mission costs</i>		(77,154,243)	(77,980,005)
<i>Fundraising and Administration costs</i>			
Fundraising costs		(17,632,698)	(15,673,145)
Administration expenses		(5,307,772)	(4,864,058)
<i>Total fundraising and administration costs</i>		(22,940,470)	(20,537,202)
<b>Surplus/(Deficit) before tax</b>	4(b)	(7,383,281)	(4,893,699)
Income tax expense		-	-
<b>(Deficit)/Surplus for the year from continuing operations</b>		(7,383,281)	(4,893,699)
<i>Other comprehensive income/(loss)</i>		(16,480)	(175,946)
<b>Total comprehensive surplus (deficit) for the year</b>		<b>(7,399,761)</b>	<b>(5,069,645)</b>

Notes to the financial statements are included on pages 20 to 43

**Médecins Sans Frontières Australia**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2019**

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents		11,263,060	17,761,641
Trade and other receivables	8	765,116	1,171,731
Other	9	305,068	271,964
<b>Total current assets</b>		<b>12,333,244</b>	<b>19,205,336</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	266,018	377,663
Right-of use asset	12	1,021,949	-
Other	9	215,337	215,337
<b>Total non-current assets</b>		<b>1,503,304</b>	<b>593,000</b>
<b>Total assets</b>		<b>13,836,549</b>	<b>19,798,336</b>
<b>Current liabilities</b>			
Trade and other payables	10	1,916,898	1,560,263
Provisions	11	754,123	713,462
Lease Liability	12	398,801	-
<b>Total current liabilities</b>		<b>3,069,822</b>	<b>2,273,725</b>
<b>Non-current liabilities</b>			
Provisions	11	444,276	465,009
Lease Liability	12	662,609	-
<b>Total non-current liabilities</b>		<b>1,106,886</b>	<b>465,009</b>
<b>Total liabilities</b>		<b>4,176,708</b>	<b>2,738,734</b>
<b>Net assets</b>		<b>9,659,841</b>	<b>17,059,602</b>
<b>Equity</b>			
Reserves	14	(184,528)	(168,048)
Retained Surplus	13	9,844,369	17,227,650
<b>Total equity</b>		<b>9,659,841</b>	<b>17,059,602</b>

Notes to the financial statements are included on pages 20 to 43

# Médecins Sans Frontières Australia

## Consolidated Statement of Changes in Equity for the financial year ended 31 December 2019

	Note	Foreign currency translation reserve	Retained Surplus	Total
		\$	\$	\$
<b>Balance at 1 January 2018</b>		7,898	22,121,349	22,129,247
Deficit for the year		-	(4,893,699)	(4,893,699)
Other comprehensive (loss) for the year		(175,946)	-	(175,946)
Total comprehensive loss for the year		(175,946)	(4,893,699)	(5,069,645)
<b>Balance at 31 December 2018</b>		(168,048)	17,227,650	17,059,602
Deficit for the year		-	(7,383,281)	(7,383,281)
Other comprehensive loss for the year		(16,480)	-	(16,480)
Total comprehensive loss for the year		(16,480)	(7,383,281)	(7,399,761)
<b>Balance at 31 December 2019</b>	14	<b>(184,528)</b>	<b>9,844,369</b>	<b>9,659,841</b>

Notes to the financial statements are included on pages 20 to 43

# Médecins Sans Frontières Australia

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## Consolidated Statement of Cash Flows for the financial year ended 31 December 2019

	Note	2019	2018
		\$	\$
<b>Operating</b>			
Receipts from donors and supporters		85,929,133	86,636,674
Receipts for services recharged		6,926,127	6,267,985
Interest received		313,203	631,429
Payments for field costs		(64,345,192)	(66,135,028)
Payments to suppliers and employees		(35,230,382)	(31,854,533)
Net cash flows (into)/from Operating Activities		<b>(6,407,110)</b>	<b>(4,453,473)</b>
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(117,432)	(71,884)
Proceeds from the disposal of plant and equipment		25,961	36,763
Net Cash flows used in investing activities		<b>(91,471)</b>	<b>(35,120)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,498,581)</b>	<b>(4,488,593)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>17,761,641</b>	<b>22,250,234</b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>11,263,060</b>	<b>17,761,641</b>

Notes to the financial statements are included on pages 20 to 43

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 1. GENERAL INFORMATION

Médecins Sans Frontières Australia Limited is a public company limited by guarantee, incorporated and operating in Australia.

Principal registered office and principal place of business:

Level 4  
1-9 Glebe Point Road  
Glebe, NSW 2037

Tel: (02) 8570 2600

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

The Financial statements were authorised for issue, in accordance with a resolution of directors, on 27 April 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The Group is a registered charity and a reporting entity. Therefore the financial statements of the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission Regulation 2013.

#### 2.1. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

#### *Compliance with International Financial Reporting Standards (IFRS)*

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2. Basis of Consolidation

The consolidated financial statements of the Group include a wholly owned subsidiary, Médecins Sans Frontières New Zealand Charitable Trust that commenced operations in April 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement(s) with the other vote holders of the investee
- (ii) Rights arising from other contractual arrangements
- (iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Surplus or deficit and each component of Other Comprehensive Income ("OCI") are attributed to the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in surplus or deficit. Any investment retained is recognised at fair value.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3. Summary of Significant Accounting Policies

##### *a) Cash and cash equivalents*

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### *b) Donations in kind and voluntary assistance*

Over the course of the year the Group has received donations in kind from a number of sources. These donations may be items used in the office, or services provided at reduced rates. Donations in kind of plant and equipment are recorded at fair value. Items to be used in the office and services provided for no consideration are also brought to account in the financial statements at the fair value of the items or services received.

In addition to donations in kind, both office volunteers and field staff sent to the field donate their time to Médecins Sans Frontières Australia Limited. This time donated by office volunteers and salaries foregone by volunteers sent to the field are not brought to account in the financial statements since they cannot be reliably measured.

##### *c) Revenue from contracts with donors*

The Group is in the business of fundraising from the general public. Revenue from contracts with our donors is recognised when cash is received.

The Group does not receive Government grants, either state or federal.

##### *d) Employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date.

They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *e) Fundraising expenses*

Fundraising expenses include those costs, which are directly attributable to fundraising, such as function expenses, promotions, printing and mailing and employee expenses. These expenses are brought to account in the period in which they are incurred.

#### *f) Field costs*

Field costs include expenses associated with remitting funds to our Operational Centres and the costs of deploying and paying our field staff.

#### *g) Trade and other receivables*

Trade and other receivables, which comprise amounts due from Médecins Sans Frontières International entities, GST recoverable and others, are recognised and carried at original invoice amount. The carrying amount of the receivable is deemed to reflect fair value. These receivables are non-interest bearing.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of liabilities as a receivable.

#### *h) Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

#### *i) Income tax*

Section 50-5 of the Income Tax Assessment Act provides that certain bodies will be exempt from income tax. The Group is exempt from income tax in accordance with the Act; accordingly no provision for income tax has been recorded.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *j) Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases as leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i. Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date of the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment of losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

- Office Building 3 to 15 years
- Other equipment 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease terms or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

#### ii. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in the Non-current liabilities.

#### iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease of office equipment that considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### *k) Payables*

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

#### *l) Plant and equipment*

Plant and equipment and leasehold improvements are stated at cost, less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

#### Impairment

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

#### Derecognition and disposal

An item of plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Group or when it has no sale value. Any gain or loss arising on derecognition of the

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised.

#### *m) Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of provision.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### *n) Revenue recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australia Taxation Office.

##### *i) Revenue from fundraising*

###### *Donations*

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control, economic benefits are probable and the amount of the donation can be measured reliably.

###### *Legacies & Bequests*

Legacies & bequests are recognised when received.

##### *ii) Investment income*

Investment income mainly comprises interest income. Interest income is recognised as it accrues, using the effective interest method.

##### *iii) Asset sales*

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

#### *o) Foreign currencies*

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation,

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the gain or loss that is reclassified to surplus or deficit reflects the amount that arises from using this method.

#### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in surplus or deficit with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in Other Comprehensive Income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to surplus or deficit. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or surplus or deficit are also recognised in OCI or surplus or deficit, respectively).

#### ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of surplus or deficit are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to surplus or deficit.

### 2.4. Changes in accounting policies and disclosures

#### **New and amended standards and interpretations**

The Group applied AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **AASB 16 Leases**

AASB 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as an IAS 17. Therefore AASB16 does not have an impact for leases where the Group is the lessor.

The Group adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying assets is low value (low-value assets).

#### **AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 is effective for Not for Profits (NFP) from FY 2019. It replaces most of the NFP income recognition requirements in AASB 1004 *Contributions* (AASB 1004). The scope of arrangements and contributions by owners.

The purpose of AASB 1058 is to more closely recognise NFP income transactions that are not contracts with customers in accordance with their economic reality. AASB 1058 needs to be considered in conjunction with AASB 15 *Revenue from Contracts with Customers* (AASB 15), that also applied to NFPs from FY 2019.

The main impacts of AASB 1058 are:

- i. The timing of income recognition will depend on whether there is any performance obligation or other liability – resulting in better matching of income and related expenses.
- ii. AASB 2018-8 postpones the requirement of NFP entities to recognise peppercorn leases at fair value. Applying the temporary relief, NFP entities can measure right of use assets associated with peppercorn leases at present value of payments required. If they choose to apply the deferral option, specific disclosures need to be made to explain the effects of peppercorn leases.
- iii. All NFP entities can elect to recognise volunteer services if they can be reliably measured.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of Australian Accounting Standards requires making judgments, estimates and assumptions to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that management has made that have the most significant effect on the amounts recognised in the financial statements:

- i. Provisions for employee benefits – management judgement is applied in determining the future increase in wages and salaries, future on cost rates and experience of employee departures and expected period of service. Refer to note 11 for further details.
- ii. Make good provisions - Provisions for future costs to return certain leased premises to their original condition are based on the Group's past experience with similar premises and estimates of likely restoration costs. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

The above judgements are considered to have a significant effect on the accounts and the basis of estimation are included within Note 2.

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 4. REVENUE

	2019	2018
	\$	\$
<b>(a) Revenue</b>		
Revenue from operations consisted of the following items:		
Fundraising revenue:		
Donations	85,568,062	86,636,724
Interest revenue:		
Bank deposits	313,203	631,429
Other revenue:		
Recharge for services to Médecins Sans Frontières International entities	6,435,032	6,040,823
Other income	53,991	22,541
Non-monetary income (donations-in-kind)	341,143	291,991
<b>Total Revenue</b>	<b>92,711,432</b>	<b>93,623,508</b>

### (b) (Deficit)/surplus before income tax

(Deficit)/Surplus before tax consisted of the following items:

Net gain from sale of plant and equipment	8,439	36,763
Net gain/(loss) from foreign exchange rate movement	6,473	9,428
Funds to the field to Médecins Sans Frontières		
International entities	69,493,055	66,135,028
Depreciation of non-current assets	635,332	306,688
Employee benefits, including superannuation benefits	12,904,222	12,556,944
Payments to superannuation funds	1,027,166	1,108,101

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 5. KEY MANAGEMENT PERSONNEL REMUNERATION

The directors and other members of key management personnel of Médecins Sans Frontières Australia Limited during the year were

- Dr Stewart Condon (President non-executive)
- Mr Dwin Tucker (Treasurer, non-executive)
- Ms Beth Hilton-Thorp (non-executive)
- Ms Katrina Penney (non-executive), Resigned 12 May 2019
- Mr Anthony Flynn (non-executive)
- Dr Chatu Yapa (non-executive)
- Mr Emmanuel Lavieuville (non-executive)
- Dr Meguerditch Tarazian (non-executive)
- Dr Jacqueline Hewitt (non-executive)
- Ms Patricia Schwerdtle (non-executive)
- Ms Kerry Atkins (non-executive), Elected 12 May 2019
- Mr Paul McPhun (Executive Director and Company Secretary), Resigned 16 December 2019
- Ms Jennifer Tierney (Executive Director and Company Secretary), Appointed 2 December 2019
- Mr Warrick Saunders (Head of Fundraising)
- Dr Myrto Schaefer (Head of Medical Unit), Resigned 27 December 2019
- Mr Robin Sands (Head of Field Human Resources)
- Ms Agatie Kissouri (Head of Finance & Administration)
- Ms Shereena-Lee Van De Berkt (Head of Domestic Human Resources)
- Mr Jonathan Edwards (Head of Advocacy)
- Mr Jean-Christophe Nougaret (Head of Communications)

Except for the President, the directors provide their services on a voluntary basis. During the course of their duties, business expenses incurred by the directors were reimbursed (note 15). The aggregate compensation of the key management personnel of the Group is set out below:

	2019	2018
	\$	\$
Key Management Remunerations (excluding the Board President)	1,378,618	1,314,329
President of the Board Remuneration	68,808	76,593

### 6 REMUNERATION OF AUDITORS

The auditor of the Group is Ernst & Young Australia.

	2019	2018
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit of the financial report	77,499	68,900
Other Services	3,833	11,113
	<u>81,331</u>	<u>80,013</u>

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 7. PLANT AND EQUIPMENT

	Office equipment at cost	Furniture and fittings at cost	Website and Software at cost	Total
	\$	\$	\$	\$
<b>Gross carrying amount</b>				
<b>Balance at 1 January 2018</b>	<b>509,161</b>	<b>1,116,336</b>	<b>522,833</b>	<b>2,148,330</b>
Additions	43,946	12,840	15,097	71,884
Disposals	(35,423)	(1,340)	-	(36,763)
<b>Balance at 1 January 2019</b>	<b>517,683</b>	<b>1,127,836</b>	<b>537,930</b>	<b>2,183,449</b>
Additions	86,121	29,889	1,422	117,432
Disposals	(25,961)	-	-	(25,961)
<b>Balance at 31 December 2019</b>	<b>577,843</b>	<b>1,157,725</b>	<b>539,352</b>	<b>2,274,920</b>
<b>Accumulated depreciation and impairment</b>				
<b>Balance at 1 January 2018</b>	<b>353,987</b>	<b>882,281</b>	<b>298,336</b>	<b>1,534,604</b>
Depreciation expense	89,737	63,185	153,766	306,688
Disposals	(35,310)	(196)	-	(35,507)
<b>Balance at 1 January 2019</b>	<b>408,414</b>	<b>945,270</b>	<b>452,103</b>	<b>1,805,787</b>
Depreciation expense	89,276	66,042	72,650	227,969
Disposals	(24,853)	-	-	(24,853)
<b>Balance at 31 December 2019</b>	<b>472,837</b>	<b>1,011,313</b>	<b>524,752</b>	<b>2,008,902</b>
<b>Net book value</b>				
As at 31 December 2018	109,270	182,566	85,828	377,662
<b>As at 31 December 2019</b>	<b>105,006</b>	<b>146,412</b>	<b>14,600</b>	<b>266,018</b>

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

<b>8.</b>	<b>TRADE AND OTHER RECEIVABLES</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
	<i>Current</i>		
	Amounts due from Médecins Sans Frontières International entities	533,786	1,000,628
	Goods and services tax (GST) recoverable	231,331	171,103
		<u>765,116</u>	<u>1,171,731</u>
<b>9.</b>	<b>OTHER ASSETS</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
	<i>Current</i>		
	Prepayments	289,531	266,601
	Inventories	4,139	4,139
	Other	11,398	1,224
		<u>305,068</u>	<u>271,964</u>
		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
	<i>Non-Current Asset</i>		
	Rental bond	215,337	215,337
<b>10.</b>	<b>TRADE AND OTHER PAYABLES</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
	<i>Current</i>		
	Trade payables	1,219,438	1,067,015
	Accruals	697,460	493,248
		<u>1,916,898</u>	<u>1,560,263</u>

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

	2019	2018
	\$	\$
<b>11. PROVISIONS</b>		
<i>Current</i>		
Employee benefits	754,123	713,462
	<b>2019</b>	<b>2018</b>
<i>Non-Current</i>		
Employee benefits	164,276	185,009
Make good provision	280,000	280,000
	444,276	465,009
	<b>Employee</b>	<b>Make Good</b>
	<b>benefits</b>	<b>Provision</b>
	\$	\$
Balance at 1 January 2019	898,471	280,000
Movement	19,929	-
Balance at 31 December 2019	918,399	280,000

The provision for make good represents the present value of the expenditure required to settle the make good obligations at the reporting date.

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 12. LEASES

Set out below is the carrying amount of right-of-use asset recognized and the movements during the period:

	<b>Office Building</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 January 2019	1,430,729	1,430,729
Depreciation expense	408,780	408,780
	<hr/>	<hr/>
Balance at 31 December 2019	1,021,949	1,021,949

Set out below is the carrying amount of lease liability and the movements during the period

	<b>2019</b>
	<b>\$</b>
Balance at 1 January 2019	1,430,729
Accretion of interest	66,487
Payments	(435,806)
	<hr/>
Balance at 31 December 2019	1,061,410
Current	398,801
Non-current	662,609

The following are the amounts recognised in surplus or deficit:

	<b>2019</b>
	<b>\$</b>
Depreciation expense of right-of-use assets	408,780
Interest expense on lease liabilities	66,487
Expense relating to leases of low-value assets (included in administration expenses)	33,116
Total amount recognised in surplus or deficit	508,383

The Group had total cash outflow for leases of \$468,922 in 2019. The Group had nil non-cash additions to right-of-use assets and lease liabilities in 2019.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

13. RETAINED SURPLUS	2019	2018
	\$	\$
Balance at the beginning of the financial year	17,227,650	22,121,349
Net (deficit)/surplus	<u>(7,383,281)</u>	<u>(4,893,699)</u>
Balance at end of financial year	<u>9,844,369</u>	<u>17,227,650</u>

14. RESERVES	Foreign Currency Translation Reserve	
	2019	2018
	\$	\$
Opening balance	(168,048)	7,898
Foreign exchange translation differences	<u>(16,480)</u>	<u>(175,946)</u>
Closing balance	<u><b>(184,528)</b></u>	<u><b>(168,048)</b></u>

*Foreign currency translation reserve*

This relates to currency translation gains and losses arising during the year.

### 15. MEMBERS GUARANTEE

The company is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 December 2019, the number of members was 310 (2018: 304).

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 16. RELATED PARTY DISCLOSURES

#### Group Information

The consolidated financial statements of the Group include a wholly owned subsidiary, Medecins Sans Frontieres New Zealand Charitable Trust that commenced operations in April 2017.

Medecins Sans Frontieres Australia Limited provides services to and receives services from Medecins Sans Frontieres International entities.

The board of Medecins Sans Frontieres Australia Limited approved the reimbursement of the following business expenses (principally travel and accommodation expense reimbursements) incurred by the directors of the company in the course of their duties as a Director during the year.

	<u>\$</u>
Anthony Flynn	900
Beth Hilton-Thorp	7,145
Chaturangi Yapa	371
Emmanuel Lavieuville	1,066
Katrina Penney	4,528
Patricia Schwedrtle	2,151
Stewart Condon	7,457
Dwin Tucker	2,497

### 17. SUBSEQUENT EVENTS

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cashflow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and are evidence of conditions that existed at the end of the reporting period. As the COVID-19 pandemic occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 18. INFORMATION RELATING TO MEDECINS SANS FRONTIERES AUSTRALIA LIMITED (THE PARENT)

	2019	2018
	\$	\$
Current assets	11,272,805	17,836,732
Total assets	19,354,699	22,392,909
Current liabilities	2,475,504	1,885,030
Total liabilities	3,981,191	2,350,039
Retained surplus	15,373,509	20,042,869
(Deficit)/Surplus of the Parent entity	<b>(8,449,878)</b>	<b>(7,292,932)</b>
Total comprehensive (loss)/income of the Parent entity	<b>(8,449,878)</b>	<b>(7,292,932)</b>

The Parent had no material contingent liabilities as at 31 December 2019

The Company had no commitments as at 31 December 2019

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 19. DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 (THE PARENT)

The following disclosure in notes 19 to 24 has been made to satisfy the requirements of the Charitable Fundraising Act 1991. Non monetary income and expenses are disclosed separately, unlike the Income Statement where they are included in the relevant income or cost line.

	2019	2018
	\$	\$
<b>Revenue:</b>		
Donations and gifts		
Monetary	75,282,193	75,380,319
Non-monetary (in-kind)	326,834	291,388
Legacies and bequests	7,905,027	10,166,507
Investment income	294,916	631,429
Other income	6,815,691	6,062,624
<b>Total revenue</b>	<b>90,624,660</b>	<b>92,532,267</b>
<b>Expenses:</b>		
<b>International Aid and Development Programs Expenditure</b>		
International programs		
Funds to international programs	67,903,366	71,135,705
Program support costs	4,128,318	3,582,716
Community education	2,971,551	2,380,990
Fundraising costs		
Public	14,930,733	13,820,352
Accountability and administration	5,033,220	6,714,048
Non-monetary expenditure (in kind)	326,834	291,388
<b>Total International Aid and Development Programs Expenditure</b>	<b>95,294,021</b>	<b>97,925,199</b>
Impairment in investment of MSF New Zealand	3,780,517	1,900,000
<b>(Shortfall)/excess of revenue over expenses</b>	<b>(8,449,878)</b>	<b>(7,292,932)</b>

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 20. DETAILED CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	11,263,060	17,761,641
Trade and other receivables	765,116	1,171,731
Inventories	4,139	4,139
Other financial assets	289,531	266,601
Other receivables	11,398	1,224
<b>Total Current Assets</b>	<b>12,333,244</b>	<b>19,205,336</b>
Non Current Assets		
Other financial assets	215,337	215,337
Property, plant and equipment	266,018	377,663
Right of Use Asset	1,021,949	-
<b>Total Non Current Assets</b>	<b>1,503,304</b>	<b>593,000</b>
<b>Total Assets</b>	<b>13,836,549</b>	<b>19,798,336</b>
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	1,219,438	1,500,636
Accruals	697,460	59,627
Provisions	754,123	713,462
<b>Total current liabilities</b>	<b>2,671,021</b>	<b>2,273,725</b>
Non current liabilities		
Lease Liabilities	1,061,411	-
Provisions	444,276	465,009
<b>Total Non Current Liabilities</b>	<b>1,505,687</b>	<b>465,009</b>
<b>Total Liabilities</b>	<b>4,176,708</b>	<b>2,738,734</b>
<b>Net Assets</b>	<b>9,659,841</b>	<b>17,059,602</b>
<b>Equity</b>		
Reserves	(184,528)	(168,048)
Retained Surplus	9,844,369	17,227,650
<b>Total Equity</b>	<b>9,659,841</b>	<b>17,059,602</b>

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

21. DETAILS OF FUNDRAISING APPEALS	2019	2018
	\$	\$
Details of aggregate gross income and total expenses of fundraising appeals (i):		
Newspaper, magazine advertisements & inserts	124,895	95,175
Acquisition	1,735,664	843,158
Bequest	7,905,027	10,166,507
Newsletters/appeals	13,372,966	12,521,388
Other general campaign	1,111,376	1,145,299
Events	368,542	327,518
Field partners	46,631,548	45,988,690
Online	6,604,692	7,570,050
New Zealand	2,380,842	1,089,898
Unsolicited income	768,265	939,807
Telemarketing	4,564,245	5,949,235
	<b>85,568,062</b>	<b>86,636,724</b>
<b>Less: total direct costs of fund raising appeals</b>		
Newspaper, magazine advertisement & inserts	120,398	128,839
Acquisitions	624,998	845,513
Bequest	74,653	79,231
Newsletters/appeals	1,666,092	1,223,532
Other general campaigns	790,357	631,672
Events	43,803	40,868
Field Partners	8,747,274	6,939,309
On line	718,713	675,368
Telemarketing	2,001,816	2,369,958
	<b>14,788,105</b>	<b>12,934,290</b>
Net surplus obtained from fundraising appeals	<b>70,779,957</b>	<b>73,702,434</b>

- (i) The Charitable Fundraising Act 1991 defines income from fundraising appeals as excluding bequest and unsolicited donations. The total income shown above includes both bequests and unsolicited donations, shown as separate items. Income excluding these amounts was \$76,894,770 (2018:\$75,530,411). Net surplus excluding these amounts was \$62,106,664 (2018:\$62,596,121).

Income is reported against the original donation source, in order to reflect the full income generated by appeals.

# Médecins Sans Frontières Australia Limited

## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 22. FUNDS RECEIVED FROM THE GENERAL PUBLIC APPLIED IN CHARITABLE PURPOSES

	2019 \$	2018 \$
Net surplus obtained from fundraising appeals (i) This was applied to the charitable purposes in the following manner:	70,779,957	73,702,434
Funds to overseas projects	(69,805,294)	(71,985,726)
Administration expenses (i)	(5,648,915)	(5,156,049)
(Deficit)/Balance applied to operational support at Médecins Sans Frontières Australia	(4,674,252)	(3,439,341)
Funds to overseas projects were expended by the following parties on behalf of Médecins Sans Frontières Australia Limited:		
Médecins Sans Frontières International	759,208	743,241
Médecins Sans Frontières Switzerland	19,072,415	19,617,536
Médecins Sans Frontières France	44,502,301	45,774,251
Total funds expended	64,333,924	66,135,029
Field staff costs	5,147,863	5,529,501
Emergency response costs	323,508	321,196
Total funds to overseas projects	69,805,294	71,985,726

- (i) Administration expenses and funds to overseas projects are different from the Statement of Comprehensive Income due to the fact that the above exclude non-monetary expenses as they are not funds received from the general public.

# Médecins Sans Frontières Australia Limited

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## Notes to the consolidated financial statements for the financial year ended 31 December 2019

### 23. COMPARISONS OF CERTAIN MONETARY FIGURES & PERCENTAGES

#### Gross comparisons including fundraising not covered by the Charitable Fundraising Act

	<b>2019</b>
	<b>\$</b>
Total cost of fundraising/	17,632,698
Gross income from fundraising	85,568,062
Net surplus from fundraising/	67,935,364
Gross income from fundraising	85,568,062
Total cost of services/	77,154,243
Total expenditure (excluding costs of fundraising)	82,462,015
Total cost of services/	77,154,243
Total income received (net of fundraising costs)	75,078,733

#### Gross comparisons including fundraising covered by the Charitable Fundraising Act

Cost of fundraising appeals/	17,632,698
Gross income from fundraising appeals	76,894,770
Net surplus from fundraising appeals/	61,205,777
Gross income from fundraising appeals	76,894,770

### 24. LIST OF TYPES OF FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD

Newspaper and Magazine Advertisements and Inserts  
Direct and Unaddressed Mail Donor Acquisition  
Field Partner (Regular Giving) Acquisition and Retention  
Trusts and Foundations  
Bequest Program  
Major Donor Program  
Telefundraising Program  
Workplace Giving  
Online