

Médecins Sans Frontières Australia Limited

ABN 74 068 758 654

Consolidated Financial Report for the Financial Year
Ended 31 December 2018

Médecins Sans Frontières Australia Limited

Consolidated financial report for the financial year ended 31 December 2018

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	10
Auditor's Report	11
Director's Declaration	14
Consolidated Statement of Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19

Médecins Sans Frontières Australia Limited

Directors' Report

The directors of Médecins Sans Frontières Australia Limited (the “Company”) and its subsidiary (collectively, the “Group”) submit herewith the annual financial report of the company for the financial year ended 31 December 2018.

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. Resident of Australia. Locum Career Medical Officer – Emergency Department NSW Health. Attended eleven out of eleven Directors' meetings.
Ms Katrina Penney	Vice President from 31 August 2015. Elected 18 May 2013, re-elected 29 April 2016. Registered Nurse and Midwife. Educator for Cultural and Linguistically Diverse training. Resident of New Zealand. Attended eleven out of eleven 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. Resident of Australia. Director Clearasound. Attended eleven out of eleven Directors' meetings.
Ms Beth Hilton Thorp	Elected 18 May 2013, re-elected 29 April 2016. Lawyer and consultant. Resident of Australia. Attended nine out of eleven Directors' meetings.
Mr Anthony Flynn	Elected to the Board 26 April 2014, re-elected 6 May 2017. Registered Nurse. General Manager, Programs and Information Services, Asthma Foundation Queensland and New South Wales. Resident of Australia. Attended nine out of eleven 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 seven out of seven meetings.
Dr Matthew Reid	Elected to the Board 16 May 2015. Medical Doctor. Public Health Medicine Specialist, Canterbury District Health Board. Resident of New Zealand. Attended three out of four Directors' meetings.
Dr Philip Humphris	Appointed to a casual vacancy 31 August 2015, elected to the Board 29 April 2016. Medical Doctor. Resident of Australia. Attended four out of four Directors' meetings.
Dr Jacqueline Hewitt	Appointed to a casual vacancy 31 August 2016, elected 6 May 2017. Medical Doctor. Paediatric Endocrinologist. Resident of Australia. Attended nine out of eleven Directors' meetings.
Ms Patricia Schwerdtle	Appointed to the Board on 21 June 2017, elected 25 May 2018. Registered Nurse and Academic, Monash University. Attended ten out of eleven meetings.
Dr Méguerdtch Terzian	Appointed to the Board on 6 March 2017. Medical Doctor. Resident of France. Attended ten out of eleven meetings.
Dr Chatu Yapa	Elected to the Board 25 May 2018. Medical Doctor. PhD Candidate, Australian National University. Resident of Australia. Attended seven out of seven meetings.

Médecins Sans Frontières Australia Limited

Directors' Report (continued)

* All Directors have held office in the financial year except for:

Dr Matthew Reid	Resigned 25 May 2018
Dr Phil Humphris	Resigned 25 May 2018
Dr Chatu Yapa	Appointed 25 May 2018
Mr Emmanuel Lavieuville	Appointed 25 May 2018

COMPANY SECRETARY

Mr P. McPhun, Executive Director of Médecins Sans Frontières Australia Limited ('MSF') since 6 December 2010 and Company Secretary of MSF from 11 December 2010 until 10 March 2013, and from 26 April 2014 to now. Worked for MSF in various roles since 1997. Holds an MSc in Humanitarian and Development Practices from Oxford Brookes University.

Ms Melanie Triffitt, Head of Finance and Administration of MSF since 15 August 2011 and Company Secretary of MSF since 10 March 2013 until 21 December 2018.

SHORT-AND LONG-TERM OBJECTIVES AND STRATEGY

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

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

The Group's strategy for achieving these objectives includes:

- 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;
- Market the organisations 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;
- 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; and
- Encourage the Australian and New Zealand public to financially engage with MSF Australia Limited with enthusiasm, conviction and commitment.

Médecins Sans Frontières Australia Limited

Directors' Report (continued)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year to 31 December 2018 have been:

- 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 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.
- 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.
- Fundraising from the general public in order to finance the field operations of MSF.

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 2019.

PERFORMANCE MEASURES

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

- Operational demand for Sydney Medical Unit expertise in mother and child health continues;
- Field communications, awareness raising, lobbying and advocacy furthered through intervention of the Sydney communications department;
- Australian and New Zealand recruitment and placement executed to meet resource needs identified within the MSF movement;
- Proportion of financial resource spend between social mission and administrative costs within a range of 79-81% social mission and 19-21% administration costs; and
- 3 to 5% year on year growth in fundraising achieved over a multi-year timeframe.

The performance against these key performance indicators is as follows:

- 50 projects in 22 countries received technical oversight, field support and training in women's health and sexual violence.
- In 2018, our media activities supported all emergencies with a priority on the mental health of patients on Nauru, Rohingya people sheltering in Bangladesh, the Gaza March of return and the conflict in Yemen. We created a campaign on the health needs of women in migration, which was shared by MSF offices worldwide. Advocacy was pursued to support the Rohingya and people on Nauru as above, plus the victims of snakebites. MSF Australia also took responsibility for the MSF Movement of the Speaking Out Case Studies.

Médecins Sans Frontières Australia Limited

Directors' Report (continued)

- 75 new recruits and 213 field placements made during 2018 in accordance with identified needs;
- Financial resources allocated 79% social mission costs to 21% administration in 2018; and
- Private revenue in 2018 is lower than 2017 due to settlement of a bequest being delayed and expected to come through in 2019.

REVIEW OF OPERATIONS

The net operating deficit for the financial year to 31 December 2018 was \$4,893,699 (2017: operating deficit of \$7,021,022). The decrease of the deficit is due to additional funds being remitted to the Operational Centres to reduce the cash balance in 2017 partly offset by 2018 movements relating to increased investment in New Zealand and a decrease in revenue.

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.

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 2018, Médecins Sans Frontières Australia Limited committed \$45,774,251 (2017: \$50,034,979) of funds to the field to Médecins Sans Frontières France, and \$19,617,536 (2017: \$21,443,563) 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.

Médecins Sans Frontières Australia Limited

Directors' Report (continued)

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.

The value of donations in kind received during the year to 31 December 2018 is \$291,991 (2017: \$370,291). 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 2018 to be approximately \$5,204,070 (2017: \$4,866,479).

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 \$1,249,983 (2017: \$1,337,923).

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 \$138,673 (2017: \$158,800). 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).

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 value of this has not been determined.

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 at least 80% of expenditure is directly devoted to this social mission. In 2018 Médecins Sans Frontières Australia Limited spent \$77,980,005 to the social mission therefore representing 79% of total expenditure (2017: \$83,100,399 or 80% included \$8.5m of extra grant payments). A number of factors impact the ratio and will continue to be ongoing factors:

- Nil government funding in 2018 (2017: \$Nil), which is expected to continue in 2019.
- 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

Directors' Report (continued)

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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, potentially 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.

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 28.

Médecins Sans Frontières Australia Limited

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 10.

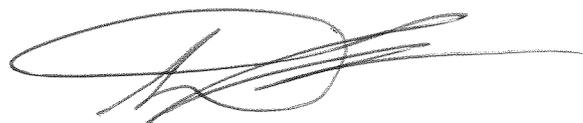
Signed in accordance with a resolution of the directors.

On behalf of the Directors



Dr Stewart Condon
Director

Sydney, 12th April 2019

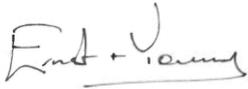


Mr Dwin Tucker
Director

Sydney, 12th April 2019

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 2018, 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.



Ernst & Young



Anton Ivanyi
Partner
12 April 2019

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 2018, 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 2018 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.

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.

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.
- 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)*.

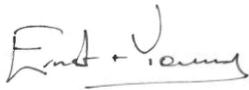
Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act(s) and Regulations as an audit 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 2018, 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 2018 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
12 April 2019

Médecins Sans Frontières Australia Limited

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 2018 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 Company 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, 12th April 2019



Mr Dwin Tucker
Director

Sydney, 12th April 2019

Médecins Sans Frontières Australia

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2018

	Note	2018	2017
		\$	\$
Revenue	4(a)	93,623,508	95,285,984
<i>Social mission costs</i>			
Field costs		(71,921,852)	(77,956,574)
Other project costs		(3,581,752)	(3,140,084)
Community education expenses		(2,476,401)	(2,003,741)
<i>Total social mission costs</i>		(77,980,005)	(83,100,399)
<i>Fundraising and Administration costs</i>			
Fundraising costs		(15,673,145)	(14,800,105)
Administration expenses		(4,864,058)	(4,406,502)
<i>Total fundraising and administration costs</i>		(20,537,202)	(19,206,607)
Surplus/(Deficit) before tax	4(b)	(4,893,699)	(7,021,022)
Income tax expense		-	-
(Deficit)/Surplus for the year from continuing operations		(4,893,699)	(7,021,022)
<i>Other comprehensive income/(loss)</i>		(175,946)	7,898
Total comprehensive surplus (deficit) for the year		(5,069,645)	(7,013,124)

Notes to the financial statements are included on pages 19 to 40.

Médecins Sans Frontières Australia

Consolidated Statement of Financial Position As at 31 December 2018

	Note	2018 \$	2017 \$
		<u> </u>	<u> </u>
Current assets			
Cash and cash equivalents		17,761,641	22,250,234
Trade and other receivables	8	1,171,731	1,249,940
Other	9	271,964	261,996
Total current assets		<u>19,205,336</u>	<u>23,762,170</u>
Non-current assets			
Property, Plant and equipment	7	377,663	613,726
Other	9	215,337	215,337
Total non-current assets		<u>593,000</u>	<u>829,063</u>
Total assets		<u>19,798,336</u>	<u>24,591,233</u>
Current liabilities			
Trade and other payables	10	1,560,263	1,486,792
Provisions	11	713,462	535,938
Total current liabilities		<u>2,273,725</u>	<u>2,022,730</u>
Non-current liabilities			
Provisions	11	465,009	439,256
Total non-current liabilities		<u>465,009</u>	<u>439,256</u>
Total liabilities		<u>2,738,734</u>	<u>2,461,986</u>
Net assets		<u>17,059,602</u>	<u>22,129,247</u>
Equity			
Reserves	13	(168,048)	7,898
Retained Surplus	12	17,227,650	22,121,349
Total equity		<u>17,059,602</u>	<u>22,129,247</u>

Notes to the financial statements are included on pages 19 to 40.

Médecins Sans Frontières Australia

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2018

	Note	Foreign currency translation reserve	Retained Surplus	Total
		\$	\$	\$
Balance at 1 January 2017		-	29,142,371	29,142,371
Deficit for the year		-	(7,021,022)	(7,021,022)
Other comprehensive income/(loss) for the year		7,898	-	7,898
Total comprehensive loss for the year		7,898	(7,021,022)	(7,013,124)
Balance at 31 December 2017		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)
Balance at 31 December 2018	12	(168,048)	17,227,650	17,059,602

Notes to the financial statements are included on pages 19 to 40.

Médecins Sans Frontières Australia

Consolidated Statement of Cash Flows for the financial year ended 31 December 2018

	Note	2,018	2017
		\$	\$
Operating			
Receipts from donors and supporters		86,636,674	92,254,197
Receipts for services recharged		6,267,985	5,794,006
Interest received		631,429	833,971
Payments for field costs		(66,135,028)	(72,162,568)
Payments to suppliers and employees		(31,854,533)	(38,875,488)
Net cash flows (into)/from Operating Activities		<u>(4,453,473)</u>	<u>(12,155,882)</u>
Cash flows from investing activities			
Payment for plant and equipment		(71,884)	(256,897)
Proceeds from the disposal of plant and equipment		36,763	2,436
Net Cash flows used in investing activities		<u>(35,120)</u>	<u>(254,462)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(4,488,593)</u>	<u>(12,410,343)</u>
Cash and cash equivalents at the beginning of the financial year		<u>22,250,234</u>	<u>34,660,577</u>
Cash and cash equivalents at the end of the financial year		<u>17,761,641</u>	<u>22,250,234</u>

Notes to the financial statements are included on pages 19 to 40.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

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 12th 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.

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.

Standards and Interpretations affecting amounts reported in the current period

Standards and Interpretations adopted with no effect on financial statements

In the current year the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has had no significant financial effect on these financial statements.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Basis of consolidation

The consolidated financial statements of the Group include a wholly owned subsidiary, Médecins Sans Frontières New Zealand Charitable Trust¹ 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.

Profit or loss 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.

¹ During the year Médecins Sans Frontières Australia Limited (the parent) contributed \$1,900,000 (2017: \$900,000) as funding to assist in the ongoing operation of the New Zealand Charitable Trust. This has been recognised as equity in the NZ Charitable Trust accounts (as agreed by the Trustees and documented in the Policy Paper "Funding of MSFNZ by MSFA"), and is eliminated upon consolidation.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss. Any investment retained is recognised at fair value.

(b) 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.

(c) 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.

(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.

(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.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(j) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease incentives

Lease incentives are received to enter into operating leases; such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(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 asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss 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.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, the gain or loss that is reclassified to profit or loss 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 profit or loss 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 OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) *Foreign currencies (continued)*

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 profit or loss are also recognised in OCI or profit or loss, 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 profit or loss 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 profit or loss.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

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 2018

4. REVENUE

	2018	2017
	\$	\$
(a) Revenue		
Revenue from operations consisted of the following items:		
Fundraising revenue:		
Donations	86,636,724	88,039,735
Interest revenue:		
Bank deposits	631,429	833,972
Other revenue:		
Recharge for services to Médecins Sans Frontières International entities	6,040,823	5,961,609
Other income	22,541	80,378
Non-monetary income (donations-in-kind)	291,991	370,291
Total Revenue	93,623,508	95,285,984

(b) (Deficit)/surplus before income tax

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

Net gain from sale of plant and equipment	36,763	2,422
Net gain/(loss) from foreign exchange rate movement	9,428	(41,305)
Funds to the field to Médecins Sans Frontières		
International entities	66,135,028	72,159,339
Depreciation of non-current assets	306,688	324,134
Employee benefits, including superannuation benefits	12,556,944	11,206,343
Payments to superannuation funds	1,108,101	858,614
Operating lease rental expenses:		
Minimum lease payments	434,534	432,717

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

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)
- Mr Anthony Flynn (non-executive)
- Dr Chatu Yapa (non-executive), Elected 25 May 2018
- Mr Emmanuel Lavieuvville (non-executive(Elected 25 May 2018
- Dr Meguerditch Tarazian (non-executive)
- Dr Matthew Reid (non-executive) Resigned 25 May2018
- Dr Philip Humphris (non-executive), Resigned 25 May 2018
- Dr Jacqueline Hewitt (non-executive)
- Ms Patricia Schwerdtle (non-executive)
- Mr Paul McPhun (Executive Director and Company Secretary)
- Mr Warrick Saunders (Head of Fundraising)
- Dr Myrto Schaefer (Head of Medical Unit)
- Mr Robin Sands (Head of Field Human Resources)
- Ms Melanie Triffitt (Head of Finance & Administration and Company Secretary)
- Ms Shereena-Lee Van De Berkt (Head of Domestic Human Resources)
- Mr Jonathan Edwards (Head of Advocacy)
- Mr Jean-Christophe Nougaret (Head of Communications)

Besides 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:

	2018	2017
	\$	\$
Key Management Remunerations (excluding the Board President)	1,314,329	1,264,906
President of the Board Remuneration	76,593	57,745

6. REMUNERATION OF AUDITORS

The auditor of the Group is Ernst & Young Australia .

	2018	2017
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit of the financial report	68,900	70,140
Other Services	11,113	11,014
	<u>80,013</u>	<u>81,154</u>

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

7. PLANT AND EQUIPMENT

	Office equipment	Furniture and fittings	Website and Software	Total
	at cost	at cost	at cost	\$
	\$	\$	\$	
Gross carrying amount				
Balance at 1 January 2017	433,125	1,048,198	585,092	2,066,415
Additions	143,034	69,496	44,367	256,897
Disposals	(66,998)	(1,358)	(106,626)	(174,982)
Balance at 1 January 2018	509,161	1,116,336	522,833	2,148,330
Additions	43,946	12,840	15,097	71,884
Disposals	(35,423)	(1,340)	-	(36,763)
Balance at 31 December 2018	517,683	1,127,836	537,930	2,183,449
Accumulated depreciation and impairment				
Balance at 1 January 2017	345,551	778,444	261,557	1,385,551
Depreciation expense	75,434	105,183	143,405	324,021
Disposals	(66,998)	(1,345)	(106,626)	(174,969)
Balance at 1 January 2018	353,987	882,281	298,336	1,534,604
Depreciation expense	89,737	63,185	153,766	306,688
Disposals	(35,310)	(196)	-	(35,506)
Balance at 31 December 2018	408,414	945,270	452,103	1,805,787
Net book value				
As at 31 December 2017	155,174	234,055	224,497	613,726
As at 31 December 2018	109,270	182,566	85,828	377,663

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

8.	TRADE AND OTHER RECEIVABLES	2018	2017
		\$	\$
	<i>Current</i>		
	Amounts due from Médecins Sans Frontières		
	International entities	1,000,628	879,486
	Goods and services tax (GST) recoverable	171,103	370,454
		<u>1,171,731</u>	<u>1,249,940</u>
9.	OTHER ASSETS	2018	2017
		\$	\$
	<i>Current</i>		
	Prepayments	266,601	223,404
	Inventories	4,139	4,139
	Other	1,224	34,453
		<u>271,964</u>	<u>261,996</u>
		2018	2017
		\$	\$
	<i>Non-Current Asset</i>		
	Rental bond	<u>215,337</u>	<u>215,337</u>
10.	TRADE AND OTHER PAYABLES	2018	2017
		\$	\$
	<i>Current</i>		
	Trade payables	1,067,015	527,792
	Accruals	493,248	959,000
		<u>1,560,263</u>	<u>1,486,792</u>

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

	2018	2017
	\$	\$
11. PROVISIONS		
<i>Current</i>		
Employee benefits	713,462	535,938
	2018	2017
<i>Non-Current</i>		
Employee benefits	185,009	159,256
Make good provision	280,000	280,000
	465,009	439,256
	Employee	Make Good
	benefits	Provision
	\$	\$
Balance at 1 January 2018	695,194	280,000
Movement	203,277	-
Balance at 31 December 2018	898,471	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.

	2018	2017
	\$	\$
12. RETAINED SURPLUS		
Balance at the beginning of the financial year	22,121,349	29,142,371
Net (deficit)/surplus	(4,893,699)	(7,021,022)
Balance at end of financial year	17,227,650	22,121,349

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

13. RESERVES

	Foreign Currency Translation Reserve	
	2018	2017
	\$	\$
Opening balance	7,898	-
Foreign exchange translation differences	(175,946)	7,898
Closing balance	<u>(168,048)</u>	<u>7,898</u>

Foreign currency translation reserve

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

14. 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 2018, the number of members was 304 (2017: 287).

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

15. RELATED PARTY DISCLOSURES

Group Information

The consolidated financial statements of the Group include Médecins Sans Frontières New Zealand Charitable Trust which is deemed controlled by the Company that commenced operations in April 2017.

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

The board of Médecins Sans Frontières Australia Limited approved the reimbursement of the following business expenses incurred by the directors of the company in the course of their duties as a Director during the year.

	\$
Anthony Flynn	532
Beth Hilton-Thorp	14,086
Chatu Yapa	1,776
Emmanuel Lavieuville	150
Katrina Penney	6,686
Matthew Reid	3,003
Patricia Schwerdtle	415
Stewart Condon	6,739

16. SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

17. COMMITMENTS

Operating leases

Leasing arrangements

The Group has entered into commercial leases of office facilities and office equipment. The lease of office facilities is with a 5 year term and provided the Group with a right of renewal for a further 5 years. This operating lease contract contains rent increases per year equivalent to the minimum of 2.5% and CPI. The lease terms of office equipment range from 4 to 5 years. These lease contracts do not have an option to renew the lease or the option to purchase the leased asset at the expiry of the least period.

Non-cancellable operating lease payments

	2018	2017
	\$	\$
Not longer than 1 year	444,727	436,109
Longer than 1 year and not longer than 5 years	1,407,820	1,865,821
Longer than 5 years	-	-
	<u>1,852,547</u>	<u>2,301,930</u>

In respect of non-cancellable operating leases, the following liabilities have been recognised:

Non-current liability:	2018	2017
	\$	\$
Make good provision (note 11)	<u>280,000</u>	<u>280,000</u>

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

18. INFORMATION RELATING TO MÉDECINS SANS FRONTIÈRES AUSTRALIA LIMITED (THE PARENT)

	2018	2017
	\$	\$
Current assets	17,836,732	23,567,580
Total assets	22,392,909	24,762,477
Current liabilities	1,885,030	1,957,239
Total liabilities	2,350,039	2,396,496
Retained surplus	20,042,869	22,365,981
(Deficit)/Surplus of the Parent entity	(7,292,932)	(6,776,390)
Total comprehensive (loss)/income of the Parent entity	(7,292,932)	(6,776,390)

The Parent had no material contingent liabilities as at 31 December 2018

The Company had no loan commitments as at 31 December 2018

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

19. DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018 (THE PARENT)

The following disclosures in notes 19 to 24 has been made to satisfy the requirements of the Charitable Fundraising Act 1991 and consists of the activities of Médecins Sans Frontières Australia Limited. Non-monetary income and expenses are disclosed separately, unlike the Income Statement where they are included in the relevant income or cost line.

	2018	2017
	\$	\$
Revenue:		
Donations and gifts		
Monetary	75,380,319	76,968,699
Non-monetary (in-kind)	291,388	370,291
Legacies and bequests	10,166,507	10,688,166
Investment income	631,429	833,972
Other income	6,062,625	6,024,932
Total revenue	92,532,267	94,886,060
Expenses:		
International Aid and Development Programs Expenditure		
International programs		
Funds to international programs	71,135,705	76,985,716
Program support costs	3,582,716	3,002,213
Community education	2,380,990	1,942,847
Fundraising costs		
Public	13,820,352	13,288,796
Accountability and administration	6,714,048	5,162,587
Non-monetary expenditure (in kind)	291,388	370,291
Total International Aid and Development Programs Expenditure	97,925,199	100,752,450
Impairment in investment of MSF New Zealand	1,900,000	900,000
(Shortfall)/excess of revenue over expenses	(7,292,932)	(6,766,390)

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

20. DETAILED CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	17,761,641	22,250,234
Trade and other receivables	1,171,731	1,249,940
Inventories	4,139	4,139
Other financial assets	266,601	223,404
Other receivables	1,224	34,453
Total Current Assets	19,205,336	23,762,170
Non Current Assets		
Other financial assets	215,337	215,337
Property, plant and equipment	377,663	613,726
Total Non Current Assets	593,000	829,063
Total Assets	19,798,336	24,591,233
Liabilities		
Current liabilities		
Trade and other payables	1,500,636	1,438,498
Accruals	59,627	48,293
Provisions	713,462	535,938
Total current liabilities	2,273,725	2,022,730
Non current liabilities		
Provisions	465,009	439,256
Total Non Current Liabilities	465,009	439,256
Total Liabilities	2,738,734	2,461,986
Net Assets	17,059,602	22,129,247
Equity		
Reserves	(168,048)	7,898
Retained Surplus	17,227,650	22,121,349
Total Equity	17,059,602	22,129,247

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2018

21. DETAILS OF FUNDRAISING APPEALS	2018	2017
	\$	\$
Details of aggregate gross income and total expenses of fundraising appeals (i):		
Newspaper, magazine advertisements & inserts	95,175	108,817
Acquisition	843,159	1,015,937
Bequest	10,166,507	10,688,166
Newsletters/appeals	12,521,388	17,646,429
Other general campaign	1,145,299	1,015,927
Events	327,518	386,704
Field partners	45,988,690	43,973,747
Online	7,570,050	7,461,249
New Zealand	1,089,898	358,944
Unsolicited income	939,807	806,519
Telemarketing	5,949,235	4,568,400
	86,636,724	88,030,838
Less: total direct costs of fund raising appeals		
Newspaper, magazine advertisement & inserts	128,839	82,537
Acquisitions	845,513	1,042,550
Bequest	79,231	113,306
Newsletters/appeals	1,223,532	1,239,244
Other general campaigns	631,672	801,503
Events	40,868	42,198
Field Partners	6,939,309	6,220,015
On line	675,368	807,292
Telemarketing	2,369,959	1,968,851
	12,934,290	12,317,497
Net surplus obtained from fundraising appeals	73,702,435	75,713,341

- (i) The Charitable Fundraising Act 1991 defines income from fundraising appeals as excluding bequest and uncollected donations. The total income shown above includes both bequests and unsolicited donations, shown as separate items. Income excluding these amounts was \$75,530,411 in 2018 (2017:\$76,536,153). Net surplus excluding these amounts was \$62,596,121 in 2018 (2017:\$64,218,657)

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 2018

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

	2018	2017
	\$	\$
Net surplus obtained from fundraising appeals (i)	73,702,435	75,713,341
This was applied to the charitable purposes in the following manner:		
Funds to overseas projects	(71,135,705)	(76,985,716)
Administration expenses (i)	(6,714,048)	(5,162,587)
(Deficit)/Balance applied to operational support at Médecins Sans Frontières Australia	(4,147,318)	(6,434,962)
Funds to overseas projects were expended by the following parties on behalf of Médecins Sans Frontières Australia Limited:		
Médecins Sans Frontières International	743,241	680,687
Médecins Sans Frontières Switzerland	19,617,536	21,381,957
Médecins Sans Frontières France	45,774,251	49,891,232
Total funds expended	66,135,029	71,953,876
Field staff costs	5,529,501	5,614,314
Emergency response costs	321,196	135,612
Total funds to overseas projects	71,985,726	77,703,802

- (i) Administration expenses and funds to overseas projects are different from the Consolidated 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

Notes to the consolidated financial statements for the financial year ended 31 December 2018

23. COMPARISONS OF CERTAIN MONETARY FIGURES & PERCENTAGES

Gross comparisons including fundraising not covered by the Charitable Fundraising Act

	2018	2017	2018	2017
	\$	\$	%	%
Total cost of fundraising/ Gross income from fundraising	15,673,145	14,800,105	18%	17%
	86,636,724	88,039,735		
Net surplus from fundraising/ Gross income from fundraising	70,963,580	73,239,630	82%	83%
	86,636,724	88,039,735		
Total cost of services/ Total expenditure (excluding costs of fundraising)	77,980,005	83,100,399	94%	95%
	82,844,063	87,507,232		
Total cost of services/ Total income received (net of fundraising costs)	77,980,005	83,100,399	100%	103%
	77,950,364	80,485,879		

Gross comparisons including fundraising covered by the Charitable Fundraising Act

Cost of fundraising appeals/ Gross income from fundraising appeals	15,673,145	14,800,105	21%	19%
	75,530,411	76,545,050		
Net surplus from fundraising appeals/ Gross income from fundraising appeals	63,298,355	65,669,564	84%	86%
	75,530,411	76,545,050		

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
 Tele fundraising Program
 Workplace Giving
 Online