

Médecins Sans Frontières Australia Limited

ABN 74 068 758 654

Consolidated Financial Report for the Financial Year
Ended 31 December 2017

Médecins Sans Frontières Australia Limited

Consolidated financial report for the financial year ended 31 December 2017

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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 Group for the financial year ended 31 December 2017.

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 Limited from 22 June 14. Resident of Australia. Locum Career Medical Officer – Emergency Department NSW Health. Attended ten out of ten Directors' meetings.
Ms Katrina Penney	Vice President from 31 August 2015. Elected 18 May 2013, re-elected 29 April 2016. Registered Nurse and Midwife. Manager, Refugee Health Screening Service, Auckland. Resident of New Zealand. Attended ten out of ten Directors' meetings.
Mr Dwin Tucker	Treasurer Médecins Sans Frontières Australia Limited from 29 April 2016. Elected to the Board 16 May 2015. General Manager, International Rubik. Resident of Australia. Attended ten out of ten 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 ten 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 ten Directors' meetings.
Dr Tonia Marquardt	Elected to the Board 16 May 2015. Medical Doctor. Resident of Australia. Attended one out of two Directors' 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 ten out of ten Directors' meetings
Dr Philip Humphris	Resident of Australia. Appointed to a casual vacancy 31 August 2015, elected to the Board 29 April 2016. Medical Doctor. Resident of Australia. Attended ten out of ten 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 ten Directors' meetings.
Dr Luc Frejacques	Appointed the Board on 2 December 2016. Medical Doctor. Resident of Switzerland. Attended nil meetings in 2017*.
Ms Patricia Schwerdtle	Appointed to the Board on 21 June 2017. Emergency Nurse and Academic, Monash University. Resident of Australia. Attended five out of five meetings in 2017*.
Dr Méguerditch Tarazian	Appointed to the Board on 6 March 2017. Medical Doctor. Resident of France. Attended six out of eight 2017 Directors' meetings*.

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Directors' Report (continued)

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

Dr Tonia Marquardt	Resigned 1 March 2017
Dr Luc Frejaques	Resigned 1 March 2017
Dr Méguerditch Tarazian	Appointed 6 March 2017
Ms Patricia Schwerdtle	Appointed 21 June 2017

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. 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.

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 public to financially engage with MSF Australia Limited with enthusiasm, conviction and commitment.

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Directors' Report (continued)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year to 31 December 2017 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 2018.

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
- 6 to 8% year on year growth in fundraising achieved over a multi-year timeframe.

The performance against these key performance indicators is as follows:

- 22 countries with 44 projects required and received technical oversight, field support and some degree of training in mother and child health;
- In 2017, our Media activities supported all emergencies with a priority on Bangladesh-Rohingya, Syria, Yemen, Nigeria, Iraq and South Sudan. A “maternal health in Afghanistan” awareness campaign was conducted. Advocacy was pursued in relation to humanitarian response in Nigeria, sexual and reproductive health ODA funding, and Tuberculosis response in PNG, amongst other issues.
- 88 new recruits and 236 field placements made during 2017 in accordance with identified needs;

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Directors' Report (continued)

- Financial resources allocated 80% social mission costs to 20% administration in 2017; and
- Private revenue in 2017 in line with 2016, due to an exceptional year in 2016.

REVIEW OF OPERATIONS

The net operating deficit for the financial year to 31 December 2017 was \$7,021,022 (2016: operating surplus of \$4,098,537). The move from a surplus to a deficit is due to extra funds being remitted to the Operational Centres to reduce the cash balance and the investment in New Zealand trust.

CHANGES IN STATE OF AFFAIRS

During 2017 Médecins Sans Frontières Australia Limited established Médecins Sans Frontières New Zealand Charitable Trust. Médecins Sans Frontières New Zealand Charitable Trust was used during the year to raise funds and communicate with the New Zealand public. Médecins Sans Frontières Australia Limited maintains control over Médecins Sans Frontières New Zealand Charitable Trust and these financial statements are the consolidation of Médecins Sans Frontières Australia Limited and Médecins Sans Frontières New Zealand Charitable Trust.

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 the 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 the current year operational needs have increased. As well as fulfilling Médecins Sans Frontières Australia Limited's budgetary requirements with regards to paying Operational Centres, an additional \$8.5m was committed. As such, at 31 December 2016 there is a significant cash balance with a corresponding payable recorded as a liability. These funds were paid during 2017, in addition to the normal 2017 grants payable.

In total, during 2017, Médecins Sans Frontières Australia Limited committed \$50,034,979 (2016: \$45,111,325) of funds to the field to Médecins Sans Frontières France, and \$21,443,563 (2016: \$19,333,426) 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 2017 is \$370,291 (2016: \$411,606). 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 volunteer field staff working within their professional capacity in Australia for the year ended 31 December 2017 to be approximately \$4,866,479 (2016: \$4,336,000).

The Group estimates that the total salaries forgone by volunteer field staff working within their professional capacity in Australia who undertook missions of less than three months to be approximately \$1,337,923 (2016: \$1,073,371).

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 \$158,800 (2016: \$154,000). 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).

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 2017 Médecins Sans Frontières Australia Limited spent \$83,100,399 to the social mission therefore representing 80% of total expenditure (2016: \$74,167,731 or 80%). A number of factors impact the ratio and will continue to be ongoing factors:

- Nil government funding in 2017 (2016: \$Nil), which is expected to continue in 2018.
- 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 expand its presence into New Zealand in 2018.

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 29.

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, 2nd May 2018



Mr Dwin Tucker
Director

Sydney, 2nd MAY 2018



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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 2017, 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 the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Loretta Di Mento
Partner
2 May 2018

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 2017, 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 2017 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 2017, 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 2017 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations.

Ernst & Young
Ernst & Young

Loretta Di Mento

Loretta Di Mento
Partner
Sydney
2 May 2018

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 2017 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, 2nd May, 2018



Mr Dwin Tucker
Director

Sydney, 2ND MAY 2018

Médecins Sans Frontières Australia

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2017

	Note	2017	2016
		\$	\$
Revenue	4(a)	95,285,984	94,266,720
<i>Social mission costs</i>			
Field costs		(77,956,574)	(69,616,652)
Other project costs		(3,140,084)	(2,712,366)
Community education expenses		(2,003,741)	(1,834,259)
<i>Total social mission costs</i>		(83,100,399)	(74,163,277)
<i>Fundraising and administration costs</i>			
Fundraising costs		(14,800,105)	(12,413,699)
Administration expenses		(4,406,502)	(3,591,207)
<i>Total fundraising and administration costs</i>		(19,206,607)	(16,004,906)
(Deficit)/Surplus before tax	4(b)	(7,021,022)	4,098,537
Income tax expense		-	-
(Deficit)/Surplus for the year from continuing operations		(7,021,022)	4,098,537
<i>Other comprehensive income</i>		7,898	-
Total comprehensive (deficit)/surplus for the year		(7,013,124)	4,098,537

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

Médecins Sans Frontières Australia

Consolidated Statement of Financial Position As at 31 December 2017

	Note	2017	2016
		\$	\$
Current assets			
Cash and cash equivalents		22,250,234	34,660,576
Trade and other receivables	8	1,249,940	1,250,346
Other	9	261,996	3,651,099
Total current assets		23,762,170	39,562,021
Non-current assets			
Plant and equipment	7	613,726	680,864
Other	9	215,337	215,337
Total non-current assets		829,063	896,201
Total assets		24,591,233	40,458,222
Current liabilities			
Trade and other payables	10	1,486,792	10,441,768
Provisions	11	535,938	455,543
Total current liabilities		2,022,730	10,897,311
Non-current liabilities			
Provisions	11	439,256	418,540
Total non-current liabilities		439,256	418,540
Total liabilities		2,461,986	11,315,851
Net assets		22,129,247	29,142,371
Equity			
Reserves	13	7,898	-
Retained Surplus	12	22,121,349	29,142,371
Total equity		22,129,247	29,142,371

Notes to the consolidated 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 2017

	Note	Foreign currency translation reserve \$	Retained Surplus \$	Total \$
Balance at 1 January 2016		-	25,043,834	25,043,834
Surplus for the year		-	4,098,537	4,098,537
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	4,098,537	4,098,537
Balance at 31 December 2016		-	29,142,371	29,142,371
Deficit for the year		-	(7,021,022)	(7,021,022)
Other comprehensive income for the year		7,898	-	7,898
Total comprehensive income/(loss) for the year		7,898	(7,021,022)	(7,013,124)
Balance at 31 December 2017	12	7,898	22,121,349	22,129,247

Notes to the consolidated 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 2017

	Note	2017	2016
		\$	\$
Operating activities			
Receipts from donors and supporters		92,254,197	84,755,918
Receipts for services recharged		5,794,006	4,977,857
Interest received		833,971	882,854
Payments for field costs		(72,162,568)	(56,529,182)
Payments to suppliers and employees		(38,875,488)	(24,007,382)
Net cash flows (into)/from operating activities		<u>(12,155,882)</u>	<u>10,080,065</u>
Investing activities			
Payments for plant and equipment		(256,897)	(406,280)
Proceeds from the disposal of plant and equipment		2,436	1,846
Net cash flows used in investing activities		<u>(254,461)</u>	<u>(404,434)</u>
Net (decrease)/ increase in cash and cash equivalents		(12,410,343)	9,675,631
Cash and cash equivalents at 1 January		<u>34,660,577</u>	<u>24,984,946</u>
Cash and cash equivalents at 31 December		<u><u>22,250,234</u></u>	<u><u>34,660,577</u></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 2017

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.

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 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 December 2017. The directors are in the process of accessing the impact of the applications of AASB 9 Financial Instruments (effective 1 January 2018), AASB 15 Revenue from Contracts with Customers (effective 1 January 2019), and AASB 16 Leases (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Group.

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 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

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

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.

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.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) *Revenue recognition (continued)*

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 2017

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 2017

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 2017

4. REVENUE

	2017 \$	2016 \$
(a) Revenue		
Revenue from operations consisted of the following items:		
Fundraising revenue:		
Donations	88,039,735	88,313,203
Interest revenue:		
Bank deposits	833,972	882,854
Other revenue:		
Recharge for services to Médecins Sans Frontières International entities	5,961,608	4,591,697
Other income	80,378	67,360
Non-monetary income (donations-in-kind)	370,291	411,606
Total Revenue	95,285,984	94,266,720

(b) (Deficit)/ Surplus before income tax

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

Net gain from sale of plant and equipment	2,422	1,846
Net (loss)/gain from foreign exchange rate movement	(41,305)	81,038
Funds to the field to Médecins Sans Frontières:		
International entities	72,159,339	65,031,937
Depreciation of non-current assets	324,134	310,483
Employee benefits, including superannuation benefits	11,206,343	9,416,722
Payments to superannuation funds	858,614	743,853
Operating lease rental expenses:		
Minimum lease payments	432,717	434,180

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

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 Luc Frejacques (non-executive), resigned 1 March 2017
- Dr Tonia Marquardt (non-executive), resigned 1 March 2017
- Dr Matthew Reid (non-executive)
- Dr Philip Humphris (non-executive)
- Dr Jacqueline Hewitt (non-executive)
- Ms Patricia Schwerdtle (non-executive), appointed 21 June 2017
- Dr Méguerdtich Tarazian (non-executive), appointed 6 March 2017
- Mr Paul McPhun (Executive Director and Company Secretary)
- Mr Warrick Saunders (Head of Fundraising)
- Dr Myrto Schaefer (Head of Project 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 James Nichols (Head of Communications), resigned 11 October 2017

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 16). The aggregate compensation of the key management personnel of the Group is set out below:

	2017	2016
	\$	\$
Key Management Remuneration (excluding the Board President)	1,264,906	1,086,972
Board President	57,745	26,285

6. REMUNERATION OF AUDITORS

The auditor of the Group is Ernst & Young Australia.

	2017	2016
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
-Audit of the financial report	70,140	51,500
-Other services	11,014	-
	81,154	51,500

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

7. PLANT AND EQUIPMENT

	Office equipment at cost \$	Furniture and fittings at cost \$	Website and software at cost \$	Total \$
Gross carrying amount				
Balance at 1 January 2016	376,089	1,034,204	251,689	1,661,982
Additions	61,612	13,994	333,403	409,009
Disposals	(4,576)	-	-	(4,576)
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 31 December 2017	509,161	1,116,336	522,833	2,148,330
Accumulated depreciation and impairment				
Balance at 1 January 2016	300,410	604,871	172,464	1,077,745
Depreciation expense	47,818	173,572	89,093	310,483
Disposals	(2,677)	-	-	(2,677)
Balance at 1 January 2017	345,551	778,443	261,557	1,385,551
Depreciation expense	75,434	105,183	143,405	324,022
Disposals	(66,998)	(1,345)	(106,626)	(174,969)
Balance at 31 December 2017	353,987	882,281	298,336	1,534,604
Net book value				
As at 31 December 2016	87,574	269,755	323,535	680,864
As at 31 December 2017	155,174	234,055	224,497	613,726

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

8. TRADE AND OTHER RECEIVABLES	2017	2016
	\$	\$
<i>Current</i>		
Amounts due from Médecins Sans Frontières international entities	879,486	968,448
Goods and services tax (GST) recoverable	370,454	281,898
	1,249,940	1,250,346
9. OTHER ASSETS	2017	2016
	\$	\$
<i>Current</i>		
Prepayments	223,404	105,248
Inventories	4,139	4,139
Other	34,453	609
Other receivables from sale of shares	-	3,541,103
	261,996	3,651,099
	2017	2016
	\$	\$
<i>Non-Current</i>		
Rental bond	215,337	215,337
10. TRADE AND OTHER PAYABLES	2017	2016
	\$	\$
<i>Current</i>		
Trade payables	527,792	1,275,273
Amounts due to Médecins Sans Frontières international entities	-	8,500,005
Accruals	959,000	666,490
	1,486,792	10,441,768

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

11. PROVISIONS	2017	2016
	\$	\$
<i>Current</i>		
Employee benefits	535,938	455,543
<i>Non-Current</i>		
Employee benefits	159,256	138,540
Make good provision	280,000	280,000
	439,256	418,540

	Employee Benefits Provision \$	Make Good Provision \$
Balance at 1 January 2017	594,083	280,000
Movement	101,111	-
Balance at 31 December 2017	695,194	280,000

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

12. RETAINED SURPLUS	2017	2016
	\$	\$
Balance at the beginning of the financial year	29,142,371	25,043,834
Net (deficit)/surplus	(7,021,022)	4,098,537
Balance at end of financial year	22,121,349	29,142,371

13. RESERVES	Foreign Currency Translation Reserve \$
Opening balance	-
Foreign exchange translation differences	7,898
Closing balance	7,898

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

13. RESERVES (CONTINUED)

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 2017, the number of members was 287 (2016: 286).

15. RELATED PARTY DISCLOSURES

Group information

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.

Médecins Sans Frontières Australia Limited provides services to and receives services from Médecins Sans Frontières 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.

	2017
	\$
Mr Anthony Flynn	512
Ms Beth Hilton-Thorp	8,689
Mr Matthew Reid	5,914
Mr Stewart Condon	3,303
Ms Katrina Penney	4,759
Mr Luc Frejacques	402
Ms Jacky Hewitt	224
Mr Philip Humphris	893

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

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.

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 lease period.

Non-cancellable operating lease payments

	2017	2016
	\$	\$
Not longer than 1 year	436,109	423,686
Longer than 1 year and not longer than 5 years	1,865,821	1,817,354
Longer than 5 years	-	483,592
	<u>2,301,930</u>	<u>2,724,632</u>

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

Non-current liability:	2017	2016
	\$	\$
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 2017

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

	2017	2016
	\$	\$
Current assets	23,567,580	39,562,020
Total assets	24,762,477	40,458,222
Current liabilities	1,957,239	10,897,311
Total liabilities	2,396,496	11,315,851
Retained surplus	22,365,981	29,142,371
(Deficit)/Surplus of the Parent entity	(6,776,390)	4,098,537
Total comprehensive (loss)/income of the Parent entity	(6,776,390)	4,098,537

The Parent had no material contingent liabilities as at 31 December 2017

The Company had no commitments as at 31 December 2017

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

19. DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The following disclosure 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.

	2017	2016
	\$	\$
Revenue:		
Donations and gifts		
Monetary	76,968,699	77,818,699
Non-monetary (in-kind)	370,291	411,606
Legacies and bequests	10,688,166	10,494,504
Investment income	833,972	882,854
Other income	6,024,932	4,659,057
Total revenue	94,886,060	94,266,720
Expenses:		
International Aid and Development Programs Expenditure		
International programs		
Funds to international programs	76,985,716	69,617,402
Program support costs	3,002,213	2,709,211
Community education	1,942,847	1,834,259
Fundraising costs		
Public	13,288,796	12,068,354
Accountability and administration	5,162,587	3,527,351
Non-monetary expenditure (in kind)	370,291	411,606
Total International Aid and Development Programs Expenditure	100,752,450	90,168,183
Impairment in investment of MSF New Zealand	900,000	-
(Shortfall)/excess of revenue over expenses	(6,766,390)	4,098,537

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

20. DETAILED CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	22,250,234	34,660,576
Trade and other receivables	1,249,940	1,250,345
Inventories	4,139	4,139
Other financial assets	223,404	105,248
Other receivables	34,453	3,541,713
Total Current Assets	23,762,170	39,562,021
Non-Current Assets		
Other financial assets	215,337	215,337
Property, plant and equipment	613,726	680,864
Total Non-Current Assets	829,063	896,201
Total Assets	24,591,233	40,458,222
Liabilities		
Current liabilities		
Trade and other payables	1,438,498	10,394,777
Accruals	48,294	46,991
Provisions	535,938	455,543
Total current liabilities	2,022,730	10,897,311
Non-current liabilities		
Provisions	439,256	418,540
Total Non-Current Liabilities	439,256	418,540
Total Liabilities	2,461,986	11,315,851
Net Assets	22,129,247	29,142,371
Equity		
Reserves	7,898	-
Retained Surplus	22,121,349	29,142,371
Total Equity	22,129,247	29,142,371

Médecins Sans Frontières Australia Limited

Notes to the consolidated financial statements for the financial year ended 31 December 2017

21. DETAILS OF FUNDRAISING APPEALS	2017	2016
	\$	\$
Details of aggregate gross income and total expenses of fundraising appeals (i):		
Newspaper, magazine advertisements & inserts	108,817	48,523
Acquisition	1,015,937	3,281,181
Bequest	10,688,166	10,494,531
Newsletters/appeals	17,646,429	18,765,210
Other general campaign	1,015,927	995,625
Events	386,704	572,859
Field partners	43,973,747	38,510,484
Online	7,461,249	10,686,801
New Zealand	358,944	-
Unsolicited income	806,519	843,169
Telemarketing	4,568,400	4,114,820
	<u>88,030,838</u>	<u>88,313,203</u>
Less: total direct costs of fund raising appeals		
Newspaper, magazine advertisement & inserts	82,537	61,173
Acquisitions	1,042,550	1,048,060
Bequest	113,306	74,186
Newsletters/appeals	1,239,244	1,101,964
Other general campaigns	801,503	339,874
Events	42,198	39,987
Field Partners	6,220,015	4,223,676
On line	807,292	694,567
Telemarketing	1,968,851	2,597,624
	<u>12,317,497</u>	<u>10,181,111</u>
Net surplus obtained from fundraising appeals	<u>75,713,341</u>	<u>78,132,092</u>

- (i) The Charitable Fundraising Act 1991 defines income from fundraising appeals as excluding bequests and unsolicited donations. The total income shown above includes both bequests and unsolicited donations, shown as separate items. Income excluding these amounts was \$76,536,153 in 2017 (2016: \$76,975,503). Net surplus excluding these amounts was \$64,218,656 in 2017 (2016: \$66,794,393).

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 2017

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

	2017	2016
	\$	\$
Net surplus obtained from fundraising appeals (i)	75,713,341	78,132,092
This was applied to the charitable purposes in the following manner:		
Funds to overseas projects (i)	(77,885,716)	(69,617,402)
Administration expenses (i)	(5,162,587)	(3,527,314)
(Deficit)/Balance applied to operational support at Médecins Sans Frontières Australia Limited	(7,334,962)	4,987,340
Funds to overseas projects were expended by the following parties on behalf of Médecins Sans Frontières Australia Limited:		
Médecins Sans Frontières International	680,687	587,186
Médecins Sans Frontières Switzerland	21,381,957	19,333,426
Médecins Sans Frontières France	49,891,232	45,111,325
Total funds expended	71,953,876	65,031,937
Field staff costs	5,614,314	4,442,871
Emergency response	135,612	750
Total funds to overseas projects	77,703,802	69,475,558

- (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 2017

23. COMPARISONS OF CERTAIN MONETARY FIGURES & PERCENTAGES

Gross comparisons including fundraising not covered by the Charitable Fundraising Act

	2017	2016	2017	2016
	\$	\$	%	%
Total cost of fundraising/ Gross income from fundraising	14,800,105	12,413,699	17%	14%
	88,039,735	88,313,203		
Net surplus from fundraising/ Gross income from fundraising	73,239,630	75,899,504	83%	86%
	88,039,735	88,313,203		
Total cost of services/ Total expenditure (excluding costs of fundraising)	83,100,399	74,163,277	95%	95%
	87,507,232	77,754,484		
Total cost of services/ Total income received (net of fundraising costs)	83,100,399	74,163,277	103%	91%
	80,485,879	81,853,021		

Gross comparisons including fundraising covered by the Charitable Fundraising Act

Cost of fundraising appeals/ Gross income from fundraising appeals	14,800,105	12,413,699	19%	16%
	76,545,050	76,975,503		
Net surplus from fundraising appeals/ Gross income from fundraising appeals	65,669,564	65,164,180	86%	85%
	76,545,050	76,975,503		

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