

**THE SALVATION ARMY (AUSTRALIA)
SELF-DENIAL FUND (FOR OVERSEAS AID)
SOUTHERN TERRITORY**

STATEMENT OF INCOME AND DISTRIBUTION
FOR THE YEAR ENDED 30 JUNE 2017
2016 APPEAL

INCOME

Donations from Salvationists and friends (2016 Appeal)	\$ 1,581,025
Interest	\$ 36,287
Direct Donations – Child Sponsorship	\$ 1,103,714
Direct Donations – Other	\$ 285,135
Direct donations for Tsunami Appeal (other income 2016) – Appendix 5	\$ 89

<u>TOTAL INCOME</u>	<u>\$ 3,006,250</u> =====
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PROPOSED DISTRIBUTION

To the international missionary fund for the maintenance of Salvation Army operations in developing countries (2016 Appeal - IHQ distribution)	\$ 600,000
Tsunami Appeal - donations	\$ 89
Direct Donations – Child Sponsorship.	\$ 1,106,726
Direct Donations – Other	\$ 1,299,435

<u>TOTAL PROPOSED DISTRIBUTION</u>	<u>\$ 3,006,250</u> =====
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EXPENDITURE INCURRED DURING 2015/16

To the international missionary fund for the maintenance of Salvation Army operations in developing countries - Appendix 1	\$ 600,000
Mission support projects in developing countries – Appendix 2	\$ 116,513
Direct Donations – Child Sponsorship – Appendix 3	\$1,106,726
Direct Donations for Specific Projects – Appendix 4	\$ 447,598
Direct Donations – Other	\$ 215,574

<u>TOTAL EXPENDITURE</u>	<u>\$ 2,486,411</u> =====
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Excess balance retained	\$ 519,839
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NOTES:

Excess income over expenditure represents funds retained in reserves relating to current year.

Basis of preparation of the statement of income and distribution

The statement of income and distribution ("the statement") has been prepared for the sole purpose of complying with the reporting procedures of the Trustees of The Salvation Army Southern Territory. The statement has been prepared applying the recognition and measurement rules in Australian Accounting Standards. The Trustees of the Salvation Army have determined that the accounting policies adopted are appropriate to meet the needs of the Trustees of the Salvation Army and that it is not necessary to include all the detailed disclosures, including a statement of financial position and statement of cashflows, required by Accounting Standards and other mandatory professional reporting requirements in Australia. The statement is prepared in accordance with the historical cost convention.



APPENDIX 1. International missionary fund for the maintenance of Salvation Army operations in developing countries.

1. Untied Funds	600,000
2. Tied Funds	-
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	<u>\$600,000</u>

The Salvation Army Australia Southern Territory provides funds to its International Headquarters each year from the Self Denial Appeal, for the purposes of financially supporting its grant aided territories and commands around the world. These funds are pooled with those from other financially independent territories, and are allocated by the International Headquarters as required to assist the grant aided territories and commands in balancing their operational budgets. The tied funds forwarded by the Australia Southern Territory are allocated to territories and commands that are included on the DFAT list of countries for which donations to the Self Denial Appeal are eligible for tax deductibility.

Whilst it is not possible for International Headquarters to nominate the work to which these tied funds are specifically directed, based on the information available within The Salvation Army Year Book, the tied funds provided by the Australia Southern Territory are of a sufficient percentage of each grant aided territory or command's total budget that would represent expenditure by each territory or command on its social welfare programs, which are associated with the 'relief of persons'. Therefore, we are satisfied that the criteria for providing tax deductibility for the donations that comprise these tied funds are duly met by the Australia Southern Territory.

APPENDIX 2. Mission support projects in developing countries.

Eastern Europe	42,491
Pakistan	67,522
Uganda	6,500
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	<u>\$116,513</u>



APPENDIX 3. Child Sponsorship Distribution.

Argentina	35,395
Bangladesh	44,016
Bolivia, Peru, Chile, Ecuador	58,674
Brazil	27,365
Caribbean	72,719
India Central	22,007
Indonesia	58,978
Kenya East	175,580
Kenya West	72,784
Latin America	16,149
Malawi	5,430
Mexico	6,723
Mozambique	2,825
Myanmar	89,612
Pakistan	14,615
Papua New Guinea	30,263
Philippines	122,912
Rwanda	13,651
Sri Lanka	24,740
Tanzania	58,568
Uganda	130,419
Zambia	16,016
Zimbabwe	7,285
	<u>\$1,106,726</u>



APPENDIX 4. Direct Donations for Specified Projects

Argentina, Paraguay, Uruguay	13,400
Bangladesh	46
Caribbean	21,834
Chile	1,000
East Africa	19,419
Fiji	15,632
India	14,308
Indonesia	58,450
Kenya	45,748
Moldova	1,060
Myanmar	2,500
Pakistan	5,000
Papua New Guinea	17,881
Philippines	20,584
Portugal	731
Rwanda	91,459
Sri Lanka	15,614
Tanzania	6,200
Uganda	39,535
Zambia	7,886
Zimbabwe	49,761

\$447,598



APPENDIX 5. Summary of Cash Flow Movements For Tsunami Donations

	Cash available at the beginning of financial year	Cash raised during the year	Cash disbursed during financial year	Cash available at the end of the financial year
	\$	\$	\$	\$
Tsunami Donations	11,337	89	10,887	549

Signed on behalf of the Salvation Army

Colin Solomon - Territorial Finance Manager

Date 11/10/2017

Gregory Stowe - Chief Financial Officer & Trustee

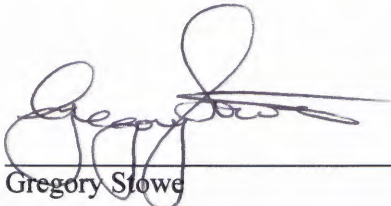
Date 11/10/2017

Managements' declaration

- 1 In the opinion of the Management of the Salvation Army (Australia) Self-Denial Fund (for Overseas Aid) Southern Territory ("the Fund"):
 - (a) the Fund is not a reporting entity;
 - (b) the statement of income and distribution and financial information notes, set out on pages 1 to 4:
 - (i) present fairly the its performance, as represented by the results of its operations for the financial year ended on 30 June 2017 in accordance with the basis of preparation described; and
 - (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in the basis of preparation; and
 - (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- 2 In respect of the year ended 30 June 2017 the Fund has:
 - (a) kept such accounting records as correctly record and explain its transactions and financial position;
 - (b) kept its accounting records that financial statements of the Fund that are presented fairly can be prepared from time to time; and
 - (c) kept its accounting records so that the financial statements of the Fund can be conveniently and properly audited.

Signed on behalf of Management:

Dated at Melbourne 11th day of October 2017.



Gregory Stowe

Chief Financial Officer



Independent Auditor's Report

To the Trustees of the Salvation Army (Australia) Self Denial Fund for Overseas Aid Program

Opinion

We have audited the accompanying Income and Distribution Statement ("the Statement") for the Salvation Army (Australia) Self Denial Fund for Overseas Aid Program Southern Territory ("the Fund") of the Salvation Army (Southern Territory) ("the Salvation Army") for the year then ended 30 June 2017.

In our opinion, the accompanying Income and Distribution Statement of the Fund for the year ended 30 June 2017, is prepared and presents fairly in all material respects.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Income and Distribution Statement* section of our report.

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to the Notes to the Statement, which describes the basis of preparation.

The Statement has been prepared to assist the Trustees of the Fund for the purpose of fulfilling the Salvation Army's internal reporting requirements.

As a result, the Statement and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Trustees of the Salvation Army and should not be used by or distributed to parties other than the Trustees of the Salvation Army. We disclaim any assumption of responsibility for any reliance on this report, or on the Statement to which it relates, to any person other than the Trustees of the Salvation Army, or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in the Fund's annual reporting which is provided in addition to the Statement and the Auditor's Report. The Trustees are responsible for the Other Information.

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

In connection with our audit of the Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Management's responsibility for the Statement

The Management of the Salvation Army are responsible for:

- the preparation and fair presentation of the Statement in accordance with the basis of preparation described in the Statement and have determined that the basis of preparation described in the Statement is appropriate to meet the internal reporting procedures of The Salvation Army Southern Territory;
- implementing necessary internal control to enable the preparation of a Statement that is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the Statement

Our objective is:

- to obtain reasonable assurance about whether the Statement 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

A further description of our responsibilities for the audit of the Statement is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report

KPMG

Melbourne
11 October 2017