



**CARE AUSTRALIA**

**ABN 46 003 380 890**

# FINANCIAL REPORT

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For the year ended 30 June 2017



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## DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2017.

### Board of Directors

The names of the Board Members in office during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

<i>Chairman</i>	Colin Galbraith AM
<i>Vice Chair</i>	Christine O'Reilly (until 18 November 2016) Peter Debnam
<i>Treasurer</i>	Bronwyn Morris (until 21 July 2017) Marcus Laithwaite (appointed 21 July 2017)
<i>Board Members</i>	Dr Megan Clark AC (Appointed 22 October 2015) David Feetham Robert Glindemann OAM Allan Griffiths William Guest (until 21 July 2017) Danielle Keighery Professor Stephen Howes Larke Riemer Joseph Tesvic (Appointed 6 September 2016) Chris Vein (appointed 27 July 2017) Louise Watson

As at the date of this report, CARE Australia (the Company) had the following standing committees: Executive Committee; International Program and Operations Committee; Finance and Audit Committee; People and Remuneration Committee; Fundraising and Communications Committee. In addition, CARE Australia also had the following special committee, the Governance and Nominations Committee of the Board of Directors. Apart from the Executive Committee, the Chairman attends committee meetings at his discretion.

The members of the Executive Committee during the 2016-17 financial year were Mr Colin Galbraith (Chair), Mr. Peter Debnam, Mr. William Guest, Ms. Bronwyn Morris, and Ms. Christine O'Reilly.

The members of the International Program and Operations Committee during the 2016-17 financial year were Professor Stephen Howes (Chair), Mr. Allan Griffiths, Mr. Peter Debnam, Mr. David Feetham, Dr Megan Clark, Mr Joseph Tesvic and Ms Larke Riemer.

## Directors' Report Cont'd

The members of the Finance and Audit Committee during the 2016-17 financial year were Ms. Bronwyn Morris (Chair), Mr. Allan Griffiths, Ms. Christine O'Reilly, Mr. Joseph Tesvic, and Mr. Robert Glindemann.

The members of the People and Remuneration Committee during the 2016-17 financial year were Ms. Larke Riemer (Chair), Mr. Allan Griffiths, Ms. Louise Watson, Ms. Christine O'Reilly, and Ms Danielle Keighery .

The members of the Fundraising and Communications Committee during the 2016-17 financial year were Mr. William Guest (Chair), Mr. Robert Glindemann, Ms. Bronwyn Morris , Ms. Louise Watson, Mr. Peter Debnam, Mr David Feetham, Ms. Danielle Keighery and Ms. Larke Riemer.

The members of the Governance and Nominations Committee during the 2016-17 financial year were Mr Colin Galbraith (Chair), Ms. Christine O'Reilly, Mr. Peter Debnam, and Mr William Guest.

### Standing Committee Meetings Attendance

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each director was as follows:

Director	Meetings of Committees												
	Board Meetings		Executive		International Program & Operations		People		Finance & Audit		Fundraising & Comms		
	A	B	A	B	A	B	A	B	A	B	A	B	
Colin Galbraith	4	4	-	-	-	-	-	-	-	-	-	-	-
Christine O'Reilly	3	1	-	-	-	-	-	-	-	-	-	-	-
Peter Debnam	4	2	-	-	3	3	-	-	-	-	4	4	
Bronwyn Morris	4	4	-	-	-	-	-	-	4	4	-	-	
Dr Megan Clark	4	4	-	-	3	2	-	-	-	-	-	-	
David Feetham	4	3	-	-	3	1	-	-	-	-	4	2	
Robert Glindemann	4	4	-	-	-	-	-	-	4	3	4	4	
Allan Griffiths	4	4	-	-	-	-	3	2	4	2	-	-	
William Guest	4	3	-	-	-	-	-	-	-	-	4	4	
Danielle Keighery	4	3	-	-	-	-	3	2	-	-	4	1	
Professor Stephen Howes	4	3	-	-	3	3	-	-	-	-	-	-	
Larke Riemer	4	2	-	-	1	1	3	3	-	-	4	3	
Joseph Tesvic	3	3	-	-	3	3	-	-	4	4	-	-	
Louise Watson	4	3	-	-	-	-	3	2	-	-	4	2	

A – the number of meetings the Director was eligible to attend during the year

B – the number of meetings attended

## Directors' Report Cont'd

### Objectives

The objects of the Company as set out in the Constitution are:

- (a) to provide resources, disaster and emergency relief, technical assistance, training and self-help programs (as the Board considers appropriate to the needs and priorities of particular locations and communities):
  - (i) to relieve poverty, malnutrition, hunger, illness, illiteracy and discrimination; and
  - (ii) to strengthen the capacity for self-help and to provide economic opportunity;
- (b) to work with other autonomous national and international organisations having (or having objectives which include) similar objectives to those in article 2(a) of the Constitution;
- (c) to do all other things as may be incidental or ancillary to the attainment of these objects.

### Principal Activities

The principal activities of the Company during the year were to manage humanitarian, development and emergency aid programs and to promote improved living standards and the advancement of education among the world's poor. There was no significant change in the nature of these activities during the year.

### Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation or law of the Commonwealth or Australian Capital Territory.

### Operating Results

The operating result for the financial year ended 30 June 2017 was a surplus of \$529,631 (2016: deficit of \$3,326,126). This represents a small underlying operating surplus of \$0.2m and a net unrealised foreign exchange gain of \$0.3m due to the fluctuations in the Australian dollar exchange rate.

### Performance Measures

The Company measures its performance in many ways, including:

- Monitoring and evaluating individual projects and our overarching program.
- Compliance with donor requirements, including institutional accreditation by the Department of Foreign Affairs and Trade (DFAT).
- Growth in income from the Australian public, DFAT and the Australian Government, CARE International members, foreign governments and overseas based organisations, and from investments.
- Monitoring the costs of fundraising and administration as a proportion of total income.

Management and the Board also monitor the Company's overall performance, from its implementation of the strategic plan through to the performance of the Company against the annual operating plan and financial budget.

## Directors' Report Cont'd

### Review of Operations

The year has seen the continuation of delivery of development assistance programs in South Asia and South East Asia, the Middle East, the Pacific and Africa.

Emergency assistance was provided to those affected by natural disasters and conflict in South Asia (Nepal), Middle East (Turkey, Syria, Jordan, and Lebanon), South East Asia (Myanmar and Philippines), Africa (South Sudan) and the Pacific (PNG, Timor Leste and Fiji). Major fundraising appeals were launched to support the emergency response to the El Nino Drought, the Syrian refugee crisis and the East Africa four-country famine appeal.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company other than as mentioned above.

### Employees

As at 30 June 2017, the Company employed 121 staff (2016: 137 staff) on Australian contracts and 781 staff (2016: 809 staff) on contracts entered into in other countries including Cambodia, Laos, Myanmar, Papua New Guinea, Timor-Leste, Vanuatu, Fiji and Vietnam.

### Matters Subsequent to the end of the Financial Year

Apart from matters disclosed in Note 10 to the financial statements, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect:

- i. the operations of the Company;
- ii. the results of those operations; or
- iii. the state of affairs of the Company.

### Indemnification and Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and Officers of CARE Australia against costs incurred in defending proceedings for conduct involving a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total insurance premiums paid was \$9,675 (2016: \$9,000). This amount is declared in Note 13 to the financial statements.

## Directors' Report Cont'd

### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 end of the financial year.

### Dividends

The Company is prohibited by its Constitution from declaring or paying any dividends.

### Likely Developments

Project operations are expected to continue in South Asia and South East Asia, Africa, the Middle East and Pacific Regions, supported by funding from the Australian public, Australian Government, CARE International members and multilateral and bilateral sources.

### Auditor Independence

The Directors received a declaration of independence from the auditor of the Company which is attached to this report.

### Non-Audit Services

The Company's auditor, Ernst & Young did not perform any non-audit services during the reporting period.

### Particulars of Directors

#### ***CHAIRMAN***

#### **Colin Galbraith AM**

Director since 2004

Special Adviser, Gresham Partners Limited; Director, LatAm Autos; Director, Colonial Foundation; Trustee, Royal Melbourne Hospital Neuroscience Foundation.

Formerly – Director, Australian Institute of Company Directors; Director, Commonwealth Bank of Australia; Chair, BHP Billiton Community Trust.

Colin is the Chair of the Executive Committee. He is also the representative of CARE Australia on the Council of CARE International.

## Directors' Report Cont'd

### Particulars of Directors (continued)

#### ***VICE-CHAIR***

##### **Christine O'Reilly**

Director since 2007

Resigned 18 November 2016

Director, CSL Limited, Director, Transurban Group; Director, Energy Australia Limited; Director, Medibank; Director, Baker IDI.

Formerly – Global Co-Head of Unlisted Infrastructure Investment, Colonial First State Global Asset Management; Chief Executive Officer and Director, GasNet Australia Group; Director, CARE International.

#### ***VICE-CHAIR***

##### **Peter Debnam**

Director since 2013

Chair, NSW Kids in Need Foundation Limited; Chair, The Muscular Dystrophy Association of NSW; Chair, Advisory Board Our Big Kitchen Ltd; Director, Muscular Dystrophy Foundation Australia; Director, The Paraplegic and Quadriplegic Association of NSW; Director, Disability Sports Australia Ltd; Director, Soils for Life Pty Ltd; Associate Member of North Bondi and Pacific Palms Surf Clubs.

Formerly – Member of NSW Parliament, Shadow Minister and Leader of the Opposition; Director, Paddle NSW Inc.

Peter is the Chair of the Fundraising and Communications Committee, a member of the Executive Committee and a member of the International Programs and Operations Committee.

#### ***TREASURER***

##### **Bronwyn Morris**

Director since 2007

Resigned 21 July 2017

Director, Watpac Ltd; Director, Collins Foods Ltd; Director, RACQ Ltd; Director, RACQ Insurance Ltd; Director, Gold Coast 2018 Commonwealth Games Corporation; Councillor, Queensland Division of the Australian Institute of Company Directors.

Formerly – Chair, LGIAsuper; Director, Fyfe Group Holdings Pty Ltd; Deputy Chair, Children's Health Foundation Queensland; Director, Spotless Group Ltd; Director, Queensland Investment Corporation Ltd; President, The Brisbane Club; Director, Brisbane Marketing; Director, Bond University; Chair, Queensland Rail; Director, Colorado Group Ltd; Director, Queensland Office of Financial Supervision; Member, Australian Advisory Committee of Parsons Brinckerhoff; Partner, KPMG.



Bronwyn was also the Chair of the CARE Australia Finance and Audit Committee and a member of the Fundraising and Communications Committee until her resignation from the Board on 21 July 2017.

**Marcus Laithwaite**

Director since 2017

Partner at PwC Australia, Board member and member of President's Committee, European Australian Business Council (EABC).

Formerly – Chair of ChildFund Australia, PwC Australia's Chief Diversity and Inclusion Officer, PwC Executive Board member, Leader of PwC Sydney Financial Services Assurance Practice.

Marcus commenced as Treasurer in July 2017.

**MEMBERS**

**Dr Megan Clark AC**

Director since 2015

Non-executive director of Rio Tinto and CSL Limited; member of Australian Advisory Council to the Bank of America Merrill Lynch; Fellow of the Australian Academy of Technological Sciences and Engineering.

Formerly – Chief Executive, CSIRO; Vice President, Technology, BHP Billiton; Director, NM Rothschild and Sons; member of Australian Prime Minister's Science, Engineering and Innovation Council; member of the International Commission on Sustainable Agriculture and Climate Change.

Megan is a member of the International Programs and Operations Committee.

**David Feetham**

Director since 2013

Deputy Chairman, Gresham Advisory Partners Limited.

Formerly – Macquarie Bank in Sydney; Baker & McKenzie.

David is a member of the Fundraising and Communications Committee and the International Programs and Operations Committee.

**Robert Glindemann OAM**

Director since 2008

Deputy Chair and Non-Executive Director, Navy Health Limited; Director, SecondBite; Director, East Timor Roofing Holdings Pty Ltd; Director, East Timor Roofing and Training UNIP LDA.

Formerly – Chair, RMS Logistics Pty Ltd; Director and Vice President, Confederation of Australian Motor Sport; Principal, PRO:NED Vic Pty Ltd.

Robert is a member of the Finance and Audit Committee and the Fundraising and Communications Committee.

**Allan Griffiths**

Director since 2008

Non-Executive Director of IOOF Holdings Pty Ltd; Chairman of Westpac Life Insurance Services; St George Life; Westpac General Insurance Ltd; Westpac Lenders Mortgage Insurance Services.

Formerly – Chief Executive Officer Aviva Australia; Managing Director South East Asia Aviva Asia Pte Ltd based in Singapore.

Allan is a member of the People and Remuneration Committee and Finance and Audit Committee.

**William (Bill) Guest**

Director since 2000, resigned July 2017

Director, Guest Group, Guests Display Homes, Guests Property Styling, Property 4 Retail and Guest Nominees; Director, Board and Patron of Australian Prostate Cancer Research; Director, Ballpark Entertainment.

Formerly – Director, Suite Deals; Director, Freedom Furniture Limited; Director, Melbourne Football Club; Managing Director, Andersons Furniture; Managing Director, Sofa Workshop.

Until his resignation, Bill was also the Chair of the Fundraising and Communications Committee.

**Professor Stephen Howes**

Director since 2012

Professor of Economics, Director, Development Policy Centre, Crawford School of Public Policy, Australian National University; Chair, Femili PNG.

Formerly – Chief Economist, Australian Agency for International Development; Lead Economist, World Bank in India; Director, Pacific Institute of Public Policy; Advisory Board Member, Asian Development Bank Institute.

Stephen is the Chair of the International Program and Operations Committee.

**Danielle Keighery**

Director since 2015

Group Executive of Public Affairs, Virgin Australia; Member, Virgin Unite Board – the not-for product foundation of the Virgin Group.

Formerly – Corporate Affairs for Virgin Management, Asia Pacific; Senior Corporate Communication roles at Nokia; Global Director of Corporate Communications at Nokia London

Danielle is a member of the Fundraising and Communications Committee and the People and Remuneration Committee.

**Larke Riemer**

Director since 2015

Formerly – Director, Women’s Markets, Westpac Banking Corporation; Chair and Global Ambassador, Global Banking Alliance for Women in Banking; Diversity Advisory Board, Allen Linklaters and NBCF.

Larke is also the Chair of the CARE Australia People and Remuneration Committee and a member of the Fundraising and Communications Committee.

**Joseph Tesvic**

Director since 2016

Senior Partner and Asia Operations Practice Leader, McKinsey & Company

Joseph is a member of the Finance and Audit Committee and the International Programs and Operations Committee.

**Chris Vein**

Director since 2017

Partner in PwC Digital Services at PwC Australia.

Formerly – Chief Innovation Officer for Global Information and Communications Technology Development at the World Bank, Deputy United States Chief Technology Officer for Government Innovation at The White House, City CIO and Executive Director at the City and County of San Francisco.

Chris is a member of the International Programs and Operations Committee.

**Louise Watson**

Director since 2008

Managing Director and Principal, Symbol Strategic Communications; Communications Adviser to many of Australia’s leading public companies; Advisory Board Member, The Global Foundation.

Formerly – Chair, Corporate and Finance, Edelman Public Relations in Australia; Non-Executive Director, Odyssey House and McGrath Foundation; Advisory Board Director, Grant Samuel & Associates; Committee Member, the Prime Minister’s “Supermarket to Asia” Communications Working Group.

Louise is a member of the People and Remuneration Committee and the Fundraising and Communications Committee.

***COMPANY SECRETARY*****Louise Gray**

Company Secretary since 2016. Louise has held senior positions in the federal government and not for profit sectors including as Chief Financial Officer of a major government department, ACT Manager of a national peak body and Deputy CEO of a not for profit organisation in Canberra. She holds Board positions with two Australian not for profit organisations.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit, other than as disclosed in Note 13 to the financial statements.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Colin Galbraith", with a stylized flourish at the end.

Colin Galbraith AM  
Chair

A handwritten signature in black ink, appearing to read "Marcus Laithwaite", with a stylized flourish at the end.

Marcus Laithwaite  
Treasurer  
13 November 2017

## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2017

		2017	2016
		\$	\$
<b>REVENUE</b>	<i>Note</i>		
Donations from the Australian public - cash	3	13,261,059	13,073,157
Donations from the Australian public - in kind	3	221,364	334,144
Bequests	3	919,717	1,088,148
Grants			
Department of Foreign Affairs and Trade	3	17,284,767	18,838,437
Other Australian	3	6,671,802	10,892,906
Other overseas	3	26,604,750	24,061,122
Investment income	3	453,958	592,302
Other income	3	1,271,034	609,724
<b>Total revenue</b>	<b>3</b>	<b>66,688,451</b>	<b>69,489,940</b>
<b>EXPENSES</b>			
International programs			
Funds to international programs	4(a)(i)	53,270,659	59,311,540
Program support costs	4(a)(ii)	3,680,386	4,466,585
Community education	4(a)(iii)	1,114,952	1,370,278
Fundraising costs			
Public	4(a)(iv)	5,693,546	5,205,550
Government, multilateral and private	4(a)(v)	129,814	140,684
Accountability and administration	4(a)(vi)	2,048,099	1,897,285
Non-monetary expenditure – Australian based		221,364	334,144
<b>Total expenses</b>	<b>4(b)</b>	<b>66,158,820</b>	<b>72,726,066</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>529,631</b>	<b>(3,236,126)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>529,631</b>	<b>(3,236,126)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5(a)	11,184,258	15,934,654
Held to maturity investments	5(b)	10,727,914	9,636,735
Prepayments		525,247	498,984
Project advances	5(c)	2,892,778	5,093,732
Trade and other receivables	5(d)	3,775,481	2,536,412
<b>TOTAL CURRENT ASSETS</b>		<b>29,105,678</b>	<b>33,700,517</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6(a)	1,528,445	1,753,287
Investments	5(e)(g)	7,203,654	5,833,373
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,732,099</b>	<b>7,586,660</b>
<b>TOTAL ASSETS</b>		<b>37,837,777</b>	<b>41,287,177</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5(f)	1,638,396	1,764,662
Provisions	6(b)	3,680,347	3,751,293
Unexpended project funds	6(c)	19,341,846	23,129,326
<b>TOTAL CURRENT LIABILITIES</b>		<b>24,660,589</b>	<b>28,645,281</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	6(b)	487,274	481,613
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>487,274</b>	<b>481,613</b>
<b>TOTAL LIABILITIES</b>		<b>25,147,863</b>	<b>29,126,984</b>
<b>NET ASSETS</b>		<b>12,689,914</b>	<b>12,160,283</b>
<b>EQUITY</b>			
General reserve		13,207,499	13,021,321
Foreign currency reserve		(517,585)	(861,038)
<b>TOTAL EQUITY</b>		<b>12,689,914</b>	<b>12,160,283</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes*

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

### Statement of Changes in Equity

	General Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2016	13,021,321	(861,038)	12,160,283
Net operating surplus for the year	186,178	343,453	529,631
Other comprehensive income for the year	-	-	-
Amounts transferred (to)/from reserves	-	-	-
Balance at 30 June 2017	<b>13,207,499</b>	<b>(517,585)</b>	<b>12,689,914</b>

For the year ended 30 June 2016

### Statement of Changes in Equity

	General Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2015	13,905,683	1,490,726	15,396,409
Net operating deficit for the year	(884,362)	(2,351,764)	(3,236,126)
Other comprehensive income for the year	-	-	-
Amounts transferred (to)/from reserves	-	-	-
Balance at 30 June 2016	<b>13,021,321</b>	<b>(861,038)</b>	<b>12,160,283</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes*

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
General public donations		13,507,002	13,102,504
Grants and contract income (inclusive of GST)		52,718,593	59,314,627
Interest income		453,958	592,302
Other income		719,836	488,560
Payments to suppliers and employees (inclusive of GST)		(68,885,677)	(80,221,074)
<b>Net cash flows (used in)/from operating activities</b>	7(a)	<b>(1,486,288)</b>	<b>(6,723,081)</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment		(501,723)	(936,974)
Proceeds from sale of property, plant and equipment		94,108	215,554
Acquisition of investments		(34,724,452)	(15,995,057)
Redemption of investments		32,420,200	16,431,011
<b>Net cash flows (used in)/from investing activities</b>		<b>(2,711,867)</b>	<b>(285,466)</b>
<b>Net (decrease)/increase in cash held</b>		<b>(4,198,155)</b>	<b>(7,008,547)</b>
Net foreign exchange differences		(552,241)	281,027
Cash at the beginning of the year		15,934,654	22,662,174
<b>Cash at the end of the year</b>	5(a)	<b>11,184,258</b>	<b>15,934,654</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes*



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## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

### BASIS OF PREPARATION

#### Note 1 Corporate information

The financial report of CARE Australia (the Company) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors dated 13 November 2017.

CARE Australia is a Company limited by guarantee incorporated in Australia.

National Office  
Ground Floor, Oracle Building  
243 Northbourne Avenue  
Lyneham ACT 2612  
Phone (02) 6279 0200  
Fax (02) 6257 1938

The nature of the operations and principal activities of the Company are described in the Directors' Report.

#### *a. Liability of members*

As at 30 June 2017 there were 13 full members guaranteeing to contribute up to \$100 each in the event of the Company being wound up.

#### Note 2 Basis of preparation

The financial report is a single entity general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards and *the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation)*.

The financial report has been prepared on a historical cost basis, except investments held at fair value through profit or loss, which have been measured at fair value. The financial report has been prepared on the basis that CARE Australia is a not-for-profit entity.

The financial report is presented in Australian Dollars (\$).

#### *a. Statement of compliance*

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *b. Foreign currencies*

Both the functional and presentation currency of CARE Australia and its Country Offices is Australian dollars (\$).

## Notes to the financial statements cont'd

### Note 2 Basis of preparation (continued)

#### *Translation of foreign currency transactions*

Funds transfers in foreign currencies are converted to Australian dollars at the rate of exchange ruling at the date of the transaction. All other foreign currency transactions are translated using an average monthly exchange rate. Foreign denominated monetary balances in the Statement of Financial Position are translated at the spot rate at 30 June when applicable.

#### *Translation of accounts of overseas operations*

Amounts payable to and by CARE Australia that are outstanding at 30 June and that are denominated in foreign currencies, have been converted to Australian dollars using rates of exchange ruling at the end of the financial year.

At the end of each month, 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 an average monthly exchange rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date with exchange differences being taken to the Statement of Comprehensive Income as revenue or expense.

### **c. Income tax and other taxes**

The Company is exempt from income tax pursuant to Subdivision 50B of the *Income Tax Assessment Act, 1997*.

#### *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

### HOW THE NUMBERS ARE CALCULATED

This section of the notes provides additional information about those individual line items in the financial statements that directors consider most relevant in the context of the operations of the Company, including:

- (a) Accounting policies that are relevant for an understanding of the items recognised in the financial statements;
- (b) Analysis and subtotals; and
- (c) Information about estimates and judgements made in relation to particular items.

3. Revenue
4. Expenses
5. Financial assets and liabilities
6. Non-financial assets and liabilities
7. Cash flow information

## Notes to the financial statements cont'd

### Note 3 Revenue

The following provides a further breakdown of CARE Australia's revenue by category of revenue and source:

	2017	2016
	\$	\$
<b>REVENUE</b>		
<b>Donations</b>		
Donations from the Australian public - cash	13,261,059	13,073,157
Donations from the Australian public - in kind	221,364	334,144
Bequests	919,717	1,088,148
<b>Total donations</b>	<b>14,402,140</b>	<b>14,495,449</b>
<b>Grants</b>		
Department of Foreign Affairs and Trade	17,284,767	18,838,437
Other Australian Government departments and non-government organisations	6,325,374	10,714,827
Other Australian organisations	346,428	178,079
<b>Total other Australian grants</b>	<b>6,671,802</b>	<b>10,892,906</b>
CARE International members	14,708,018	13,087,669
Multilateral agencies	5,072,854	2,745,544
Foreign governments and overseas based organisations	6,823,878	8,227,909
<b>Total other overseas grants</b>	<b>26,604,750</b>	<b>24,061,122</b>
<b>Totals grants</b>	<b>50,561,319</b>	<b>53,792,465</b>
Interest income	217,207	371,969
Dividends	236,751	220,333
<b>Total investment income</b>	<b>453,958</b>	<b>592,302</b>
Net foreign currency gain	343,453	-
Other income	719,836	488,560
Fair value gain on investments	157,210	60,026
Profit on sale of fixed assets	50,535	61,138
<b>Total other income</b>	<b>1,271,034</b>	<b>609,724</b>
<b>Total revenue</b>	<b>66,688,451</b>	<b>69,489,940</b>

## Notes to the financial statements cont'd

### Note 3 Revenue (continued)

#### a. Revenue recognition

##### (i) Grants, contracts and donations

CARE Australia is a non-profit organisation and receives a principal part of its funds from grants, contracts and donations. The Company receives both unrestricted and restricted donations which are treated differently for the purposes of revenue recognition as follows:

Unrestricted donations are received from donors who do not impose restrictions on the use of the funds. Consequently, there is no time restriction imposed as to when the funds can be used so the donations are recognised on receipt as revenue in the accounting records.

Restricted donations are received from donors with specific donor requirements as to what project the funds are to be spent on. As the donor funds may not be utilised until the project has been established, the income is initially recorded as a current liability under unexpended project funds and recognised as revenue when expended. Any unspent funds are available for use in future years subject to the directions of the donor.

##### (ii) Donated goods and services

Revenue in respect to donated goods and services is recognised at the time that the goods or services are supplied to CARE Australia or our beneficiaries and where the value of the goods or services can be reliably estimated.

##### (iii) Interest income

Interest is recognised on an accrual basis when the Company has a right to receive the interest payment.

##### (iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

### Note 4 Expenses

#### a. Classification of expenses

The classification of expenses in the Statement of Comprehensive Income is in accordance with the requirements set out in the *ACFID Code of Conduct*. For further information on the Code please refer to the *ACFID Code of Conduct Guidance* available at [www.acfid.asn.au](http://www.acfid.asn.au)

##### (i) Funds to international programs

Funds to international programs relate to funds and gifts in kind actually remitted overseas to aid and development projects, plus the cost of remitting those gifts.

These costs may include (but are not limited to):

- Salaries of program staff or volunteers costs working overseas, which might be paid from Australia,
- The cost of acquiring property, plant and equipment in Australia which is then sent overseas,
- Costs of programs implemented by international partners,
- Administration costs of overseas field offices or program partners, and

## Notes to the financial statements cont'd

### Note 4 Expenses (continued)

- Program expenditure (excluding secretariat fees) funded via international secretariats

#### (ii) Program support costs

Program support costs include the direct cost of project management spent in Australia, including project design, monitoring and evaluation and project management. It includes the training and professional development of Australian based staff and volunteers involved in the effective management of international projects. It also includes the salaries of program support staff paid in Australia.

#### (iii) Community Education

Community Education includes all costs related to advocacy, informing and educating the Australian community of, and inviting their active involvement in, global justice, development and humanitarian issues. This includes the cost of producing and distributing materials, the cost of conducting educational and public policy campaigns, and the cost of personnel involved in these activities.

#### (iv) Fundraising costs - Public

Fundraising costs - Public includes all costs related to the purpose of raising revenue from the public. Items include:

- The production and distribution of fundraising materials,
- The cost of promotional or marketing campaigns,
- The costs of establishing and maintaining public donor databases,
- Funds paid to third parties to provide fundraising services,
- Donation related bank fees, and
- The cost of personnel involved in preparing and conducting marketing and fundraising campaigns

#### (v) Fundraising costs – Government, multilateral and private

Fundraising costs - Government, multilateral and private sector includes the costs of personnel and related expenses involved in the preparation of funding submissions for, and reporting against, grants from government, multilateral organisations, corporate and philanthropic organisations.

#### (vi) Accountability and administration

Accountability and Administration costs includes costs (not able to be allocated to a program activity) associated with the overall operational capability of the organisation. These costs include (but are not limited to):

- audit and accounting services,
- legal fees,
- memberships and subscriptions,
- international secretariat fees,
- office accommodation expenses (rent, maintenance, depreciation, utilities, etc.),
- bank charges (not donation related), and
- general staff training.

## Notes to the financial statements cont'd

### Note 4 Expenses (continued)

#### *b. Specific expenses for the year*

The following items are significant to the financial performance of the Company or are relevant to interpreting other notes in the financial statements:

	2017	2016
	\$	\$
Employee benefits expense	29,958,417	30,315,208
Net foreign currency loss	-	2,351,764
Depreciation expense	650,368	588,737
Lease expense	1,810,738	1,933,860
Asset impairment adjustment	32,624	9,800

#### *c. Leases*

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are included in the determination of the operating result in equal instalments over the lease term.

The cost of improvements to or in leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Financial leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Capitalised leased assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.



## Notes to the financial statements cont'd

### Note 5 Financial assets and liabilities

This note provides information about the Company's financial instruments, including:

- an overview of all financial instruments held by the Company,
- specific information about each type of financial instrument,
- accounting policies, and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

#### a. Cash and cash equivalents

	2017	2016
	\$	\$
Cash on hand	150,543	125,666
Cash at bank	10,741,286	15,515,799
International revolving fund	292,429	293,189
	<b>11,184,258</b>	<b>15,934,654</b>

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days from acquisition, net of any outstanding bank overdrafts.

#### b. Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity exceeding 90 days from acquisition are classified as held-to-maturity when the organisation has the positive intention and ability to hold to maturity. In the case of CARE Australia, these financial instruments comprise term deposits. There are no term deposits with maturity exceeding 12 months as of 2017 and 2016 respectively. Investments intended to be held for an undefined period are not included in this classification.

#### c. Project advances

Project advances represent amounts prepaid to CARE Member Partners to implement projects in accordance with Individual Project Implementation Agreements or to CARE staff in the field. Advances are normally acquitted within 12 months for CARE Member Partners or one month for CARE staff.

#### d. Trade and other receivables

	2017	2016
	\$	\$
Trade receivables	2,433,817	666,662
GST receivable	175,036	102,502
CARE International Members	113,823	190,129
Project funds receivable	1,052,805	1,577,119
	<b>3,775,481</b>	<b>2,536,412</b>
Less provision for doubtful debts	-	-
Total trade and other receivables (net)	<b>3,775,481</b>	<b>2,536,412</b>

## Notes to the financial statements cont'd

### Note 5 Financial assets and liabilities (continued)

#### *Trade receivables*

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the collection of the full amount is no longer probable. Bad debts are written off as incurred.

#### *Other debtors and CARE International members*

Other debtors, including CARE International Members are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when there is objective evidence that the collection of the full nominal amount is no longer probable. Payments from debtors and CARE International Members are normally settled within 60 days.

#### *Project funds receivable*

Project Funds Receivable represents amounts due to CARE Australia under project agreements where CARE Australia has pre-funded project expenditure. Amounts receivable are supported by project agreements and carried at nominal amounts due at balance date and are normally recovered within 3 months.

	<b>2017</b>	<b>2016</b>
	\$	\$
Receivables are aged as follows:		
Not overdue	2,301,863	943,438
Overdue by:		
0 to 30 days	347,968	14,948
31 to 60 days	12,095	-
61 to 90 days	56,446	870
More than 90 days	<u>1,057,109</u>	<u>1,577,156</u>
Total receivables (gross)	<u>3,775,481</u>	<u>2,536,412</u>

## Notes to the financial statements cont'd

### Note 5 Financial assets and liabilities (continued)

#### e. Investments

	2017	2016
	\$	\$
MF Co charities equities fund	-	800,436
MF Co cash management fund	37,878	88,429
Perennial Australian fixed interest	535,605	1,061,351
Perpetual Pure fund	-	711,179
Lanyon Australian value fund	994,845	1,041,939
Metrics credit loan fund	410,523	792,785
J O Hambro global select fund	328,008	629,839
Maple Brown Abbott select fund	252,486	705,264
Howard mortgage fund	-	2,151
Dimensional fund advisors 5 year diversified fixed interest	971,686	-
CC JCB active bond fund	789,274	-
PIMCO global credit fund	798,529	-
Legg Mason Martin Currie ethical income fund	206,433	-
SPDR S&P/ASX 200 fund	805,703	-
Colonial First State Asian growth fund	164,885	-
Vanguard MSCI index international shares ETF	285,220	-
Bennelong Long Short fund	222,225	-
Fermat Capital insurance linked securities fund	196,440	-
Dalton Nicol Reid Australian equities fund	203,914	-
	<b>7,203,654</b>	<b>5,833,373</b>

#### Investments held at fair value through Profit or Loss

Investments at fair value consist of investments in managed funds and unit trusts and therefore have no fixed maturity date. During the year ended 30 June 2017, the fair value of the investments increased by \$157,210 (2016: increase \$60,026) based on the published unit prices for each managed fund or unit trust as at 30 June.

Investments in Managed Funds are designated by the Company as fair value through profit or loss upon initial recognition, the rationale being the performance of these managed funds is evaluated on a fair value basis in accordance with the Board's investment strategy. Gains or losses on managed funds designated at fair value through the statement of comprehensive income are recognised as revenue or expense.

#### f. Trade and other payables

	2017	2016
	\$	\$
<b>Current</b>		
Trade creditors	844,549	693,761
Accruals	132,381	297,139
Other creditors	435,822	570,068
CARE International Members	50,051	46,226
Accrued salary payments	175,593	157,468
	<b>1,638,396</b>	<b>1,764,662</b>

## Notes to the financial statements cont'd

### Note 5 Financial assets and liabilities (continued)

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade liabilities are normally settled on 30 day terms.

#### g. Fair value measurement

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2017				Year ended 30 June 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>	\$	\$	\$	\$	\$	\$	\$	\$
Investments at fair value through profit and loss	-	7,203,654	-	7,203,654	5,833,373	-	-	5,833,373
	-	7,203,654	-	7,203,654	5,833,373	-	-	5,833,373

CARE Australia uses various methods in estimating the fair value of a financial instrument. The methods comprise:

**Level 1** – the fair value is calculated using quoted prices in active markets.

**Level 2** – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The fair value is estimated based on the published unit prices for each managed fund or unit trust as at 30 June.

**Level 3** – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no transfers between level 1 and level 2 during the period.

### Note 6 Non-financial assets and liabilities

This note provides information about the Company's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - property, plant and equipment (note 6(a))
  - provisions (note 6(b))
  - unexpended project fund (note 6(c))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

## Notes to the financial statements cont'd

### Note 6 Non-financial assets and liabilities (continued)

#### a. Property, plant and equipment

	Leasehold Improvements	Plant & Equipment	Computer Systems	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
As at 30 June 2015	693,425	838,964	2,066,839	1,082,940	4,682,168
Additions	554,088	149,232	204,711	241,166	1,149,197
Disposals	(75,273)	(89,098)	(539,846)	(168,931)	(873,148)
Adjustment	(6,572)	(4,177)	949	-	(9,800)
<b>As at 30 June 2016</b>	<b>1,165,668</b>	<b>894,921</b>	<b>1,732,653</b>	<b>1,155,175</b>	<b>4,948,417</b>
Additions	22,880	47,916	356,611	74,316	501,723
Disposals	(2,998)	(75,023)	(67,521)	(120,821)	(266,363)
Impairment	(11,450)	(21,174)	-	-	(32,624)
<b>At 30 June 2017</b>	<b>1,174,100</b>	<b>846,640</b>	<b>2,021,743</b>	<b>1,108,670</b>	<b>5,151,153</b>
<b>Depreciations and impairment</b>					
As at 30 June 2015	(264,326)	(728,443)	(1,475,121)	(857,234)	(3,325,124)
Depreciation charge for the year	(138,472)	(52,043)	(286,847)	(111,375)	(588,737)
Disposals	68,038	43,999	523,487	83,207	718,731
<b>As at 30 June 2016</b>	<b>(334,760)</b>	<b>(736,487)</b>	<b>(1,238,481)</b>	<b>(885,402)</b>	<b>(3,195,130)</b>
Depreciation charge for the year	(143,866)	(66,123)	(322,946)	(117,433)	(650,368)
Disposals	1,894	77,739	71,028	72,129	222,790
<b>As at 30 June 2017</b>	<b>(476,732)</b>	<b>(724,871)</b>	<b>(1,490,399)</b>	<b>(930,706)</b>	<b>(3,622,708)</b>
<b>Net book value</b>					
At 30 June 2016	830,908	158,434	494,172	269,773	1,753,287
<b>At 30 June 2017</b>	<b>697,368</b>	<b>121,769</b>	<b>531,344</b>	<b>177,964</b>	<b>1,528,445</b>

#### Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided on a straight line basis at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives to the Company.

Major depreciation periods are:

	2017	2016
Plant and equipment	4-5 years	4-5 years
Computer systems	3-5 years	3-5 years
Motor vehicles	3-5 years	3-5 years
Leasehold improvements	the lease term	the lease term

## Notes to the financial statements cont'd

### Note 6 Non-financial assets and liabilities (continued)

#### *Impairment*

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

The recoverable amount of an asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Company was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### *De-recognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in revenue or expenses in the year the asset is derecognised.

#### *b. Provisions*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Employee benefits	3,621,441	3,692,387
Other provisions	58,906	58,906
	<b>3,680,347</b>	<b>3,751,293</b>
<b>Non-Current</b>		
Employee benefits	125,401	130,975
Make good provision	361,873	350,638
	<b>487,274</b>	<b>481,613</b>

Provisions are recognised when the Company has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of a past transaction or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

#### *Employee benefits*

##### *Wages, salaries, superannuation, annual leave and sick leave*

Provision is made for employee entitlement benefits accumulated as a result of services rendered by employees up to the reporting date. Employee benefits expected to be settled within one year have been measured at their nominal amount based on remuneration rates which are expected to be paid when the liability is settled. Contributions are made by the Company to the Superannuation Funds nominated by employees and are charged as expenses when incurred.

## Notes to the financial statements cont'd

### Note 6 Non-financial assets and liabilities (continued)

#### Long service leave

The provision for long service leave is measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yields as at the reporting date of national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

#### Make good provision

The lease agreements for the office premises in Canberra and Melbourne include a make good clause. It is considered that the make good arrangement is likely to be exercised in both cases and the amount can be reliably determined. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to refurbish the leased space and the expected timing of those costs. The provision is reviewed annually.

Movements in the make good provision were as follows:

	<b>2017</b>	<b>2016</b>
	\$	\$
As at 1 July	350,638	140,691
Additional make good provision	-	205,670
Unwinding of discount factor	11,235	4,277
As at 30 June	<b>361,873</b>	<b>350,638</b>

#### c. Unexpended project funds

	<b>2017</b>	<b>2016</b>
	\$	\$
Unexpended project funds	19,341,846	23,129,326
	<b>19,341,846</b>	<b>23,129,326</b>

Income received for restricted purposes is recorded as a current liability under unexpended project funds with any unspent funds available for use in future years. The liability pertaining to each project would normally be settled over the contract term for that project, which may range from one month to three years.

This amount represents the unexpended liability on contracts with a range of humanitarian organisations to perform activities as agreed in the contract where the donor has provided funds in a range of currencies including Australian Dollar (AUD), United States Dollars (USD), EURO and Great Britain Pounds. There are various foreign currency bank accounts that may create a natural hedge in certain circumstances. The AUD equivalent of cash, cash at bank or held to maturity investments in foreign currencies at year end is \$12,678,706 (2016: \$13,319,139). The remainder of the funds are held in AUD.

## Note 7 Cash flow information

### a. Reconciliation of net operating surplus to the net cash flows from operating activities:

	2017	2016
	\$	\$
Net operating (loss)/surplus	529,631	(3,236,126)
Depreciation and amortisation	650,368	588,737
Net (gain) on investments designated at fair value through profit and loss	(157,210)	(60,026)
Gain on sale of property, plant and equipment	(50,535)	(61,138)
Asset write off	32,624	9,800
Net unrealised loss/(gain) on foreign exchange	(343,453)	2,351,764
<b>Changes in assets and liabilities</b>		
(Increase)/Decrease in receivables	(1,239,069)	(727,876)
Decrease/(Increase) in prepayments	(26,263)	241,238
Decrease/(Increase) in project advances	2,200,955	691,149
(Decrease)/Increase in payables	(126,266)	(992,722)
Increase in provisions	(70,946)	439,338
Decrease in unexpended project funds	(2,886,124)	(5,967,219)
<b>Net cash flows (used in)/from operating activities</b>	<b>(1,486,288)</b>	<b>(6,723,081)</b>



## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

### RISK

This section of the notes discusses the Company's exposure to various risks and shows how these could affect the Company's financial position and performance.

8. Significant accounting judgements, estimates and assumptions
9. Financial risk management

## Notes to the financial statements cont'd

### Note 8 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

This note provides an overview of the areas that involve a degree of judgement or complexity. Detailed information about estimates and judgements exercised and the basis for calculation is included in the relevant notes referenced below.

The areas are:

- Revenue recognition (Note 3)
- Fair value measurement of financial instruments (Note 5g)
- Useful life assessment of property, plant and equipment (Note 6a)
- Valuation and impairment of non-financial assets (Note 6a)
- Provision for employee benefits (Note 6b)
- Provision for make good of leases (Note 6b)

The Company has not exercised the option to extend the current lease for office accommodation in Canberra and is renegotiating a new lease for the existing office accommodation. The previous lease liability and rent expense calculations, under *AASB 117 Leases*, were based on a 10-year lease period, as previously it was management's judgement that it was probable that the option to extend the existing lease would be exercised. The lease liability and rent expense has been recalculated over the current five-year lease period and as a result the rent expense and lease liability have both been reduced by \$179,385 in FY17.

Management bases its judgements and estimates on historical experiences and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from estimates under different assumptions and conditions; however, these will not materially affect the financial results or the financial position reported in future periods.

### Note 9 Financial risk management

The Company's principal financial instruments comprise cash, held to maturity investments, receivables, payables and investments at fair value through profit or loss.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. Different methods are used to measure and manage these risks. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and equity prices. Monitoring of specific credit terms and ageing analysis is used to manage credit risk and budget reviews and cash flow forecasting assist with the management of liquidity risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees on policies for managing each of the risks identified above, which incorporates setting guidelines for trading in investments, managing foreign currency and interest rate risk, credit terms and future cash flow forecast projections.

## Notes to the financial statements cont'd

### Note 9 Financial risk management objectives and policies (continued)

The Company's Reserves Policy requires reserves to be maintained to safeguard the continued operations of Company's operations. This policy balances the need to safeguard financial security whilst simultaneously ensuring flexibility in meeting the development and humanitarian challenges of operating in a dynamic global environment.

#### Risk Exposures and Responses

##### a. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. CARE's exposure to market interest rates relates primarily to cash held at bank and held to maturity investments (eg. term deposits).

At balance date, CARE had the following financial assets exposed to variable interest rate risk in AUD:

	<b>2017</b>	<b>2016</b>
	\$	\$
Financial assets		
Cash	1,937,864	4,266,254
Held to maturity investments	5,910,958	6,370,154
	<u>7,848,822</u>	<u>10,636,408</u>

The Company also had the following financial assets exposed to variable interest rate risk in USD:

	<b>2017</b>	<b>2016</b>
	\$	\$
Financial assets		
Held to maturity investments	4,816,956	3,266,581
	<u>4,816,956</u>	<u>3,266,581</u>

The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

## Notes to the financial statements cont'd

### Note 9 Financial risk management objectives and policies (continued)

At 30 June 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net surplus and equity would have been affected as follows:

<i>Judgements of reasonably possible movements</i>	Net surplus Higher / (Lower)		Equity Higher / (Lower)	
	2017 \$	2016 \$	2017 \$	2016 \$
Financial assets in AUD				
+0.5% (50 basis points)	39,244	53,182	39,244	53,182
- 0.5% (50 basis points)	(39,244)	(53,182)	(39,244)	(53,182)
Financial assets in USD				
+ 0.5% (50 basis points)	24,085	16,333	24,085	16,333
- 0% (0 basis points)	-	-	-	-

#### b. Foreign currency risk

As a result of significant operations in foreign countries, the Company's Statement of Financial Position can be affected significantly by movements in the USD/AUD exchange rates. The Company also has transactional currency exposures. Such exposure arises from funding received for projects and purchases made by Country Offices in currencies other than the functional currency, including USD and the local currency. A large proportion of costs are denominated in a currency other than the Company's functional currency of AUD.

Where the sources of funds are denominated in AUD, USD currency is purchased and transferred to Country Offices to fund foreign branches. To provide certainty in respect to the USD funds available to undertake projects, funds are normally exchanged to USD at the time of receipt by CARE.

In addition to having these funds in USD denominated accounts CARE also maintains bank accounts in Euro and other foreign currencies, which at the reporting date were for AUD equivalent of \$1,004,159 (2016: \$1,376,979). The Company has assessed that the foreign currency exposure to fluctuations in these non-USD denominated accounts is not material.

At 30 June 2017, the Company had the following exposure to USD foreign currency denominated balances that were not hedged:

	2017 \$AUD	2016 \$AUD
Financial assets		
Cash	6,857,591	8,675,578
Held to maturity investments	4,816,956	3,266,581
Receivables	1,105,225	1,597,583
	<u>12,779,772</u>	<u>13,539,742</u>
Financial liabilities		
Payables	(1,819,116)	(1,562,440)
	<u>(1,819,116)</u>	<u>(1,562,440)</u>
Net exposure	<u>10,960,656</u>	<u>11,977,302</u>

## Notes to the financial statements cont'd

### Note 9 Financial risk management objectives and policies (continued)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2017, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, net surplus and equity would have been affected as follows:

<i>Judgements of reasonably possible movements</i>	<b>Net surplus</b> <b>Higher / (Lower)</b>		<b>Equity</b> <b>Higher / (Lower)</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
AUD/USD +5%	(521,936)	(570,348)	(521,936)	(570,348)
AUD/USD – 10%	989,090	1,080,832	989,090	1,080,832

#### c. Market risk

Market risk is the risk that the fair value of equity securities held in the investment portfolio decreases. The Company manages this risk by periodically reviewing the asset allocation mix and outsourcing the management and administration of the investment portfolio to a professional investment advisor. The performance of the professional investment advisor is evaluated by the Finance and Audit Committee. Exposure at balance date is disclosed in Note 5(e).

The effect on the net surplus and equity as a result of a change in the fair value of the investment portfolio at 30 June 2017 due to a reasonable possible change in market indices, with all other variables held constant, is as follows:

<i>Judgements of reasonably possible movements</i>	<b>Net surplus</b> <b>Higher / (Lower)</b>		<b>Equity</b> <b>Higher / (Lower)</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
+ 10%	718,591	583,337	718,591	583,337
- 10%	(718,591)	(583,337)	(718,591)	(583,337)

#### d. Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and receivables. CARE's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the CARE's policy to securitise its receivables. These parties are typically the Department of Foreign Affairs and Trade, CARE member Partners, the United Nations, other foreign governments and multilaterals.

Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

## Notes to the financial statements cont'd

### Note 9 Financial risk management objectives and policies (continued)

There is minimum credit risk within the Company due to the nature of our donor partners and cash is spread amongst a number of financial institutions to minimise the risk of default of counterparties.

#### *e. Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. To limit this risk, management regularly monitors operational bank balances in relation to future funding needs, and transfers funds into or out of investment accounts as necessary. This function is performed by the finance team.

#### *Maturity analysis of financial liabilities based on management's expectation.*

The table below summarises the maturity profile of the financial liabilities at the end of the financial year, comprising trade creditors, accruals, other creditors, liabilities to CARE International Members and unexpended project funds:

	<b>2017</b>	<b>2016</b>
	\$	\$
6 months or less	1,638,396	1,764,662
6-12 months	19,341,846	23,129,327
1-5 years	-	-
Over 5 years	-	-
Payables	<u>20,980,242</u>	<u>24,893,989</u>

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

### OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

10. Events subsequent to the reporting date
11. Contingencies
12. Commitments
13. Related party transactions
14. Key management personnel
15. Remuneration of auditors
16. Other accounting policies
17. Information required by *NSW Charitable Fundraising Act 1991*

## Notes to the financial statements cont'd

### Note 10 Events subsequent to the reporting date

There are no significant events subsequent to the reporting date.

### Note 11 Contingencies

As at 30 June 2017 the Company did not have any contingent assets or liabilities (2016: Nil).

### Note 12 Commitments

	<b>2017</b>	<b>2016</b>
	\$	\$
Lease expenditure commitments		
Operating leases:		
Minimum lease payments		
- not later than one year	1,428,273	1,315,423
- later than one and not later than five years	1,660,422	1,929,875
- later than five years	-	46,824
	<b>3,088,695</b>	<b>3,292,122</b>

These leases relate to premises occupied by CARE Australia in Australia and in the countries in which it is based.

### Note 13 Related party transactions

#### Director transactions

The Directors did not receive any remuneration for their services. Expenses incurred by Directors on behalf of the Company are reimbursed on a cost only basis. An amount of \$9,675 (2016: \$9,000) was paid for Directors and Officers liability insurance.

#### Director-related entity transactions

During the year, CARE Australia had no transactions with Director related entities.



## Notes to the financial statements cont'd

### Note 14 Key management personnel

#### a. Details of key management personnel

##### (i) Directors (non – executive)

<i>Chairman</i>	Colin Galbraith, AM
<i>Vice Chairs</i>	Peter Debnam
<i>Treasurer</i>	Marcus Laithwaite
<i>Board Members</i>	Dr Megan Clark AC
	David Feetham
	Robert Glindemann OAM
	Allan Griffiths
	Danielle Keighery
	Professor Stephen Howes
	Larke Riemer
	Joseph Tesvic
	Chris Vein
	Louise Watson

##### (ii) Executives

Sally Moyle	Chief Executive (appointed 31 October 2016)
Julia Newton-Howes	Chief Executive (until 29 July 2016)
Louise Gray	Principal Executive – Corporate Services and Company Secretary
Paul Kelly	Principal Executive – International Programs
Howard Ralley	Principal Executive – Fundraising Digital and Communications
Robert Yallop	Principal Executive – International Operations

#### b. Compensation of Key management personnel - Executives

	2017 \$	2016 \$
Short term employee benefits	980,844	935,347
Post-employment benefits	136,255	116,349
	<u>1,117,099</u>	<u>1,051,696</u>

## Notes to the financial statements cont'd

### Note 15 Remuneration of auditors

Amounts received or due and receivable by Ernst & Young Australia for:	<b>2017</b>	<b>2016</b>
	\$	\$
An audit or review of the financial report of the Company	97,850	114,325
Other services in relation to the Company		
- Privacy Review	-	21,772
- USAID audits (reimbursed to CARE Australia by CARE USA)	137,855	78,571
	<b>235,705</b>	<b>214,668</b>

### Note 16 Other accounting policies

#### a. New Accounting Standards and Interpretations

#### (i) Changes in accounting policy and disclosures

The Company has adopted the following amended Australian Accounting Standards as at 1 July 2017:

*AASB 2015-1 Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*

*AASB 2015-2 Disclosure Initiative: Amendments to AASB 101*

The application of these amendments has no impact on the Company's financial report.

#### (ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the year ended 30 June 2017.

The Company's assessment of the impact of these new standards and interpretations is set out below:

Title of standard	Nature of change	Assessment of impact	Application date
<b>AASB 9</b> <i>Financial Instruments</i>	The new standard sets out revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, impairment and hedge accounting.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements. The new hedging rules will also have no impact as the Company currently does not use hedging.	Effective from 1 January 2018

## Notes to the financial statements cont'd

Title of standard	Nature of change	Assessment of impact	Application date
<p><b>AASB 1058</b> <i>Income of Not-for-Profit Entities</i></p> <p><b>AASB 15</b> <i>Revenue from Contracts with Customers</i></p> <p><b>AASB 2015-8</b> <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <p><b>AASB 2016-3</b> <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p>	<p>AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 <i>Revenue from Contracts with Customers</i>. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 <i>Contributions</i>.</p> <p>Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset).</p> <p>This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements should be recognised in accordance with the applicable Australian Accounting Standard, such as:</p> <ul style="list-style-type: none"> <li>a Contributions by owners;</li> <li>b Revenue, or a contract liability arising from a contract with a customer;</li> <li>c A lease liability;</li> <li>d A financial instrument; or</li> <li>e A provision.</li> </ul>	<p>The Company is yet to undertake a detailed assessment of the impact of AASB 1058 and AASB 15.</p> <p>However, based on a preliminary assessment, the likely impact on the first time adoption of these Standards for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> <li>• Donations (both cash and in kind) will be recognised as revenue when the asset or service is received. This will bring forward the revenue recognition point for restricted donations, which are currently deferred until expended on an applicable restricted activity. Currently CARE has \$1,742,617 in unspent restricted funding.</li> <li>• No change to revenue recognition for grant funding which will be deferred until performance obligations are met under the funding agreements.</li> </ul>	<p>Effective from 1 January 2019</p>

## Notes to the financial statements cont'd

Title of standard	Nature of change	Assessment of impact	Application date
<b>AASB 16</b> <i>Leases</i>	<p>The AASB has issued a new standard for lease accounting which will replace AASB 117 <i>Leases</i>.</p> <p>The key features are:</p> <ul style="list-style-type: none"> <li>• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying value is low.</li> <li>• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement will include non-cancellable lease payments and includes payments to be made in optional lease extensions if it is reasonably certain the option will be exercised.</li> </ul>	<p>The Company is yet to undertake a detailed assessment of the impact of AASB 16. However, based on a preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> <li>• a significant increase in lease assets and financial liabilities recognised on the balance sheet. Currently CARE Australia has lease commitments of \$3,088,695 as at 30 June 2017.</li> <li>• the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities</li> <li>• operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.</li> </ul>	<p>Effective from 1 January 2019</p>

## Notes to the financial statements cont'd

### Note 17 Information required by the *NSW Charitable Fundraising Act 1991*

#### a. Details of aggregate gross income and total expenses for fundraising appeals

<u>Proceeds from fundraising appeals</u>	<b>2017</b>	<b>2016</b>
	\$	\$
Donations	13,482,423	13,407,301
Bequests	919,717	1,088,148
Gross proceeds from fundraising appeals	<u>14,402,140</u>	<u>14,495,449</u>
<u>Total expenses for fundraising appeals</u>		
Donations	5,693,546	5,205,550
Bequests	-	-
Total expenses for fundraising appeals	<u>5,693,546</u>	<u>5,205,550</u>
Net surplus from fundraising appeals	<u>8,708,594</u>	<u>9,289,899</u>

#### b. Statement showing how funds received are applied for charitable purposes

	<b>2017</b>	<b>2016</b>
	\$	\$
Net surplus obtained from fundraising appeals	<u>8,708,594</u>	<u>9,289,899</u>
Applied for charitable purposes as follows:		
International programs	53,270,659	59,311,540
Program support costs	3,680,386	4,466,585
Community education	1,114,952	1,370,278
Cost of raising program funds from government and multilateral agencies	129,814	140,684
Accountability and administration	2,048,099	1,897,285
Non-monetary expenditure	221,364	334,144
Total expenses	<u>60,465,274</u>	<u>67,520,516</u>
(Shortfall) / surplus	<u>(51,765,680)</u>	<u>(58,230,617)</u>

Shortfall was met from the following sources	<b>2017</b>	<b>2016</b>
	\$	\$
DFAT grants	17,284,767	18,838,437
Other Australian grants	6,671,802	10,892,906
Other overseas grants	26,604,750	24,061,122
Investment income	453,958	592,302
Other income	1,271,034	609,724
	<u>52,286,311</u>	<u>54,994,491</u>
Net surplus / (deficit) transferred to accumulated funds for future use	<u>529,631</u>	<u>(3,236,126)</u>

For the purposes of the *NSW Charitable Fundraising Act 1991* all fundraising activities were related to public appeals.

## Notes to the financial statements cont'd

### Note 17 Information required by the *NSW Charitable Fundraising Act 1991* (continued)

#### COMPARISON BY PERCENTAGE

	2017 %	2016 %
Total Cost of Public Fundraising/Revenue from the Australian Public	40	36
Net surplus from Fundraising/Revenue from the Australian Public	60	64

Commencing in 2016 and continuing through to 2018 CARE Australia embarked upon an additional investment in donor acquisition, which will result in higher fundraising ratios over this period. This investment enables CARE Australia to have greater funds available in the future for our international aid and development work and reduces dependence on institutional funding.

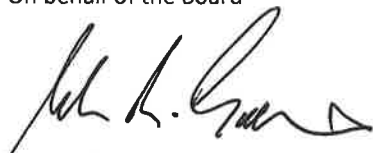
## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of CARE Australia, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards, and International Financial Reporting Standards issued by the International Accounting Standards Board, and the *Australian Charities and Not-for-Profits Commission Regulations 2013*;
- (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;
- (c) the provisions of the *Charitable Fundraising Act 1991 (New South Wales)* and the regulations under the Act and the conditions attached to the authority have been complied with;
- (d) the provisions of the *Charitable Fundraising Act 1946 (Western Australia)* and the regulations under the Act and the conditions attached to the authority have been complied with; and
- (e) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the Board



Colin Galbraith AM  
Chair



Marcus Laithwaite  
Treasurer

13 November 2017



Building a better  
working world

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## Auditor's Independence Declaration to the Directors of CARE Australia

In relation to our audit of the financial report of CARE Australia for the financial year ended 30 June 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.

A handwritten signature in blue ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in blue ink, appearing to be "A Ewan".

Anthony Ewan  
Partner  
13 November 2017





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## Independent Auditor's Report to the Members of CARE Australia

### Report on the Financial Report

#### Opinion

We have audited the financial report of CARE Australia (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards 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 Company 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 comprises the information included in the Directors Report, but does not include the financial report and our auditor's report thereon.

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 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 Company'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 Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

## **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 Acts 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.



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## Opinion

In our opinion:

- a) the financial report of CARE Australia has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 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 30 June 2017 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Anthony Ewan  
Partner  
Canberra  
13 November 2017

