



CARE AUSTRALIA

ABN 46 003 380 890

FINANCIAL REPORT

For the year ended 30 June 2015

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DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2015.

Board of Directors

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

<i>Chairman</i>	Harold Mitchell AC (resigned 25 October 2014) Colin Galbraith AM (appointed 26 October 2014)
<i>Vice Chairs</i>	Christine O'Reilly Peter Debnam
<i>Treasurer</i>	Bronwyn Morris
<i>Board Members</i>	Dr Megan Clark AC (appointed 1 August 2015) David Feetham Colin Galbraith AM (until 25 October 2014) Robert Glindemann OAM Allan Griffiths William Guest Professor Stephen Howes Larke Riemer (appointed 25 May 2015) Louise Watson

As at the date of this report, CARE Australia (the Company) had the following standing committees: an Executive Committee; International Program and Operations Committee; Finance and Audit Committee; People Committee; Fundraising and Communications Committee. In addition CARE Australia also had the following special committees: the Committee for Transformational Change in CARE International, and 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 2014-15 financial year were Mr Harold Mitchell (Chair, resigned 25 October 2014), Mr Colin Galbraith (Chair from 26 October 2014), 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 2014-15 financial year were Professor Stephen Howes (Chair), Mr. Allan Griffiths, Mr. Peter Debnam, Mr. David Feetham and Ms Larke Riemer (from 25 May 2015).

Directors' Report Cont'd

The members of the Finance and Audit Committee during the 2014-15 financial year were Ms. Bronwyn Morris (Chair), Mr. Allan Griffiths, Ms. Christine O'Reilly, Mr. Robert Glindemann and Mr. Colin Galbraith (until 25 October 2014).

The members of the People Committee during the 2014-15 financial year were Mr. Allan Griffiths (Chair), Ms. Louise Watson, Ms. Christine O'Reilly (from 1 November 2014) and Ms Larke Riemer (from 25 May 2015).

The members of the Fundraising and Communications Committee during the 2014-15 financial year were Mr. William Guest (Chair), Mr. Robert Glindemann, Ms. Bronwyn Morris, Ms. Louise Watson, Mr. Peter Debnam, Mr David Feetham (from 1 November 2014) and Ms Larke Riemer (from 25 May 2015).

The members of the Committee for Transformational Change in CARE International during the 2014-15 financial year were Mr Colin Galbraith (Chair), Mr Allan Griffiths, Mr Harold Mitchell (until 25 October 2014) and Ms Christine O'Reilly. This Committee met on a number of occasions during the year.

The members of the Governance and Nominations Committee during the 2014-15 financial year were Mr Harold Mitchell (Chair until 25 October 2014), Mr Colin Galbraith (Chair from 26 October 2014), Ms. Christine O'Reilly, and Mr William Guest. This Committee met as required during the year.

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	
Harold Mitchell	2	2	-	-	-	-	-	-	-	-	-	-	-
Colin Galbraith	3	3	1	1	-	-	-	-	1	1	-	-	-
Christine O'Reilly	3	3	1	1	-	-	3	2	4	3	-	-	-
Bronwyn Morris	3	3	1	1	-	-	-	-	4	4	3	2	-
Peter Debnam	3	3	1	1	3	3	-	-	-	-	3	3	-
David Feetham	3	3	-	-	3	2	-	-	-	-	3	3	-
Robert Glindemann	3	3	-	-	-	-	-	-	4	4	3	3	-
Allan Griffiths	3	1	-	-	3	2	3	3	4	4	-	-	-
William Guest	3	3	1	1	-	-	-	-	-	-	3	3	-
Larke Riemer	-	-	-	-	-	-	1	1	-	-	1	1	-
Professor Stephen Howes	3	3	-	-	3	3	-	-	-	-	-	-	-
Louise Watson	3	3	-	-	-	-	3	3	-	-	3	3	-

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 2015 was a surplus of \$4,232,999 (2014: surplus of \$278,092). This reflects an underlying operating surplus of \$1.5m, largely driven by a significant increase in income from bequests, and a net unrealised foreign exchange gain of \$2.5m due to the depreciation of 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 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, Papua New Guinea 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, Cambodia, Philippines), Africa (South Sudan, and Sierra Leone) and the Pacific (Vanuatu). Major fundraising appeals were launched to support the emergency response to the earthquake in Nepal, Cyclone Pam in Vanuatu, the Ebola outbreak in Africa, the Syrian refugee crisis and emergency assistance in South Sudan.

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 2015, the Company employed 132 staff (2014: 126 staff) on Australian contracts and 790 staff (2014: 831 staff) on contracts entered into in other countries including Cambodia, Laos, Myanmar, Papua New Guinea, Timor-Leste, Vanuatu and Vietnam.

Matters Subsequent to the end of the Financial Year

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 amount of insurance contract premiums paid was \$9,000 (2014: \$9,000). This amount is declared in Note 13 to the financial statements.

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.

Directors' Report Cont'd

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 provide any non-audit services during the reporting period.

Particulars of Directors

CHAIRMAN

Colin Galbraith AM

Director since 2004

Special Adviser, Gresham Partners Limited; Chair, BHP Billiton Community Trust; Director, Arrium Ltd; Director, LatAm Autos; Director, Colonial Foundation; Trustee, Royal Melbourne Hospital Neuroscience Foundation.

Formerly – Director, Australian Institute of Company Directors; Director, Commonwealth Bank of Australia.

Colin is also the Chair of the CARE Australia Transformational Change in CARE International Committee.

VICE-CHAIR

Christine O'Reilly

Director since 2007

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

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

Directors' Report Cont'd

Particulars of Directors (continued)

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.

TREASURER

Bronwyn Morris

Director since 2007

Chair, Queensland Local Government Superannuation Board (LG Super).

Director, Watpac Ltd; Director, RACQ Ltd; Director, RACQ Insurance; Director, Collins Foods Ltd; Councillor, Queensland Division of the Australian Institute of Company Directors; Director, Fyfe Group Holdings Pty Ltd.

Formerly - 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 is also the Chair of the CARE Australia Finance and Audit Committee.

MEMBERS

Dr Megan Clark AC

Director since 2015

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

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

Directors' Report Cont'd

Particulars of Directors (continued)

David Feetham

Director since 2013

Deputy Chairman, Gresham Advisory Partners Limited.

Formerly – Macquarie Bank in Sydney; Baker & McKenzie.

Robert Glindemann OAM

Director since 2008

Deputy Chair and Non-Executive Director of Navy Health Limited; Deputy Chair, Very Special Kids Foundation; Chair, Australian Institute of Motor Sport Safety; 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; Past President, Rotary Club of Darwin and Rotary Club of Melbourne Inc.

Allan Griffiths

Director since 2008

Non-Executive Director, IOOF Holdings Pty Ltd; Rakbank Dubai UAE; Westpac Life Insurance Services Ltd; St George Life Ltd; Westpac General Insurance Ltd; Westpac Lenders Mortgage Insurance Ltd.

Formerly - Chief Executive Officer Aviva Australia, Managing Director South East Asia Aviva Asia Pte Ltd.

Allan is also Chair of the CARE Australia People Committee.

William (Bill) Guest

Director since 2000

Director of Guest Group, Guest Hire, Guest Commercial, Suite Deals, Guest Interiors, Property 4 Retail and Guest Nominees; Director, Board of Australian Prostate Cancer Research.

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

Bill is also the Chair of the CARE Australia Fundraising and Communications Committee.

Directors' Report Cont'd

Particulars of Directors (continued)

Professor Stephen Howes

Director since 2012

Professor of Economics, Director, Development Policy Centre, Crawford School of Public Policy, Australian National University; Chair, Papua New Guinea Family and Sexual Violence Case Management Centre.

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 also the Chair of the CARE Australia International Program and Operations Committee.

Larke Riemer

Director since 2015

Director, Women's Markets, Westpac Banking Corporation, Chair and Global Ambassador, Global Banking Alliance for Women in Banking;

Formerly – Board member, Allen Linklater and National Breast Cancer Foundation Women's Advisory Network.

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.

Directors' Report Cont'd

Particulars of Directors (continued)

COMPANY SECRETARY

Gregory Brown

Company Secretary since 2009. Prior to this, Greg held senior positions in the Commonwealth public sector, including Director Corporate Services and Chief Finance Officer at the Australian Film Commission and Chief Financial Officer at the Federal Court of Australia.

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.



Colin Galbraith AM
Chair



Bronwyn Morris
Treasurer
19 October 2015

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

		2015	2014
		\$	\$
REVENUE	Note		
Donations from the Australian public - cash	3	12,869,670	13,748,558
Donations from the Australian public - in kind	3	136,911	173,069
Bequests	3	1,892,499	749,412
Grants			
Department of Foreign Affairs and Trade (including previous AusAID grants)	3	18,908,880	19,370,029
Other Australian	3	8,276,237	7,155,310
Other overseas	3	19,222,441	16,772,675
Investment income	3	725,434	776,551
Other income	3	3,150,626	629,266
Total revenue	3	65,182,698	59,374,870
EXPENSES			
International programs			
Funds to international programs	4(a)(i)	49,090,905	47,986,979
Program support costs	4(a)(ii)	3,807,703	3,618,403
Community education	4(a)(iii)	1,500,724	1,459,215
Fundraising costs			
Public	4(a)(iv)	4,175,763	4,116,167
Government, multilateral and private	4(a)(v)	139,234	134,225
Accountability and administration	4(a)(vi)	2,098,459	1,608,720
Non-monetary expenditure – Australian based		136,911	173,069
Total expenses	4(b)	60,949,699	59,096,778
NET SURPLUS		4,232,999	278,092
Other comprehensive income		-	-
Total comprehensive income for the year		4,232,999	278,092

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	5(a)	22,662,174	12,087,725
Held to maturity investments	5(b)	9,942,822	15,735,281
Prepayments		740,222	581,704
Project advances	5(c)	5,289,086	2,707,423
Trade and other receivables	5(d)	1,808,536	8,697,269
TOTAL CURRENT ASSETS		40,442,840	39,809,402
NON-CURRENT ASSETS			
Held to maturity investments	5(b)	-	320,399
Property, plant and equipment	6(a)	1,357,044	1,352,695
Investments	5(e)(g)	5,903,214	5,392,159
TOTAL NON-CURRENT ASSETS		7,260,258	7,065,253
TOTAL ASSETS		47,703,098	46,874,655
CURRENT LIABILITIES			
Trade and other payables	5(f)	2,757,384	2,425,625
Provisions	6(b)	3,507,858	2,972,225
Unexpended project funds	6(c)	25,755,736	29,973,369
TOTAL CURRENT LIABILITIES		32,020,978	35,371,219
NON-CURRENT LIABILITIES			
Provisions	6(b)	285,711	340,026
TOTAL NON-CURRENT LIABILITIES		285,711	340,026
TOTAL LIABILITIES		32,306,689	35,711,245
NET ASSETS		15,396,409	11,163,410
EQUITY			
Retained earnings		15,396,409	11,163,410
TOTAL EQUITY		15,396,409	11,163,410

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 2015

	<i>Retained earnings</i> \$
Balance at 1 July 2014	11,163,410
Net operating surplus for the year	4,232,999
Other comprehensive income for the year	-
Balance at 30 June 2015	<u>15,396,409</u>

For the year ended 30 June 2014

	<i>Retained earnings</i> \$
Balance at 1 July 2013	10,885,318
Net operating surplus for the year	278,092
Other comprehensive income for the year	-
Balance at 30 June 2014	<u>11,163,410</u>

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 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
General public donations		16,173,577	13,667,209
Grants and contract income (inclusive of GST)		54,914,558	42,960,026
Interest income		725,435	776,551
Other income		396,529	315,708
Payments to suppliers and employees (inclusive of GST)		(71,246,745)	(61,895,386)
Net cash flows from/(used in) operating activities	7(a)	963,354	(4,175,892)
Cash flow from investing activities			
Acquisition of property, plant and equipment		(556,590)	(592,744)
Proceeds from sale of property, plant and equipment		20,697	65,447
Acquisition of investments		(11,083,447)	(15,376,003)
Redemption of investments		16,931,706	10,271,847
Net cash flows from/(used in) investing activities		5,312,366	(5,631,453)
Net increase/(decrease) in cash held		6,275,720	(9,807,345)
Net foreign exchange differences		4,298,729	(102,772)
Cash at the beginning of the year		12,087,725	21,997,842
Cash at the end of the year	5(a)	22,662,174	12,087,725

The above Cash Flow Statement should be read in conjunction with the accompanying notes

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015

BASIS OF PREPARATION

Note 1 Corporate information

The financial report of CARE Australia (the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors dated 16 October 2015.

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

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. As at 30 June 2015 there were 11 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, *Corporations Act 2001* 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

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. Year-end cash 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, 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 2015

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:

	2015	2014
	\$	\$
REVENUE		
Donations		
Donations from the Australian public - cash	12,869,670	13,748,558
Donations from the Australian public - in kind	136,911	173,069
Bequests	1,892,499	749,412
Total donations	14,899,080	14,671,039
Grants		
Department of Foreign Affairs and Trade	18,908,880	19,370,029
Other Australian Government departments and non-government organisations	7,448,323	6,676,138
Other Australian organisations	827,914	479,172
Total other Australian grants	8,276,237	7,155,310
CARE International members	11,237,751	9,478,354
Multilateral agencies	2,613,421	2,807,760
Foreign governments and overseas based organisations	5,371,269	4,486,561
Total other overseas grants	19,222,441	16,772,675
Totals grants	46,407,558	43,298,014
Interest income	462,744	451,608
Dividends	262,690	324,943
Total investment income	725,434	776,551
Net foreign currency gain	2,494,133	-
Other income	396,529	315,708
Fair value gain on investments	246,456	272,130
Profit on sale of fixed assets	13,508	41,428
Total other income	3,150,626	629,266
Total revenue	65,182,698	59,374,870

Notes to the financial statements cont'd

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 in accordance with *AASB 1004 Contributions*.

Income received for restricted purposes is pledged 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

(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, for example the cost of a computer and transportation costs in getting this computer equipment overseas,
- Costs of programs implemented by international partners,
- Administration costs of overseas field offices or program partners, and
- Program expenditure (not management fees) funded via international secretariats

Notes to the financial statements cont'd

(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 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 mailing 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
- management costs of international secretariat functions
- office accommodation expenses (rent, maintenance, depreciation, utilities, etc.)
- bank charges (not donation related)
- general staff training.

Notes to the financial statements cont'd

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:

	2015	2014
	\$	\$
Employee benefits expense	26,688,431	24,171,433
Net foreign currency loss	-	730,035
Depreciation expense	544,868	495,736
Lease expense	1,554,189	1,323,237
Asset impairment adjustment	184	5,981

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
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

a. Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	142,496	143,091
Cash at bank	22,233,052	11,661,348
International revolving fund	286,626	283,286
	22,662,174	12,087,725

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

	2015	2014
	\$	\$
Current		
Term deposits with maturity up to 12 months	9,942,822	15,735,281
Non-current		
Term deposits with maturity greater than 12 months	-	320,399
	9,942,822	16,055,680

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. Term deposits with maturity exceeding 12 months have been classified as non-current. 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 1 month for CARE staff.

Notes to the financial statements cont'd

d. Trade and other receivables

	2015	2014
	\$	\$
Trade receivables	476,864	7,489,250
GST receivable	173,796	-
CARE International Members	370,563	379,115
Project funds receivable	787,313	830,810
	1,808,536	8,699,175
Less provision for doubtful debts	-	(1,906)
Total trade and other receivables (net)	1,808,536	8,697,269

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.

Movements in the provision for doubtful debts were as follows:	2015	2014
	\$	\$
As at 1 July	1,906	195,084
Charge for the year in the provision in respect to debtors	-	9,506
Amounts written off as uncollectable	-	(97,839)
Amounts recovered during the year	(1,906)	(104,845)
As at 30 June	-	1,906

	2015	2014
	\$	\$
Receivables are aged as follows:		
Not overdue	899,859	7,438,189
Overdue by:		
0 to 30 days	10,473	280,168
31 to 60 days	125,518	-
61 to 90 days	1,117	-
More than 90 days	771,571	980,818
Total receivables (gross)	1,808,536	8,699,175

Notes to the financial statements cont'd

e. Investments

	2015	2014
	\$	\$
MF Co charities equities fund	1,021,723	951,309
MF Co cash management fund	67,538	31,481
Perennial Australian fixed interest	993,538	946,043
Perpetual Pure fund	830,252	782,226
Rare infrastructure value fund	-	525,626
Lanyon Australian value fund	957,830	879,438
Metrics credit loan fund	759,151	722,118
J O Hambro global select fund	675,642	528,918
Maple Brown Abbott select fund	595,389	-
Howard mortgage fund	2,151	25,000
	5,903,214	5,392,159

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 2015, the fair value of the investments increased by \$246,456 (2014: increase \$272,130) 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

	2015	2014
	\$	\$
Current		
Trade creditors	1,443,181	1,094,384
Accruals	242,022	225,683
Other creditors	467,872	396,218
GST payable	-	588,798
CARE International Members	518,079	61,457
Accrued salary payments	86,230	59,085
	2,757,384	2,425,625

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.

Notes to the financial statements cont'd

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 2015				Year ended 30 June 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$	\$	\$	\$	\$
Investments at fair value through profit and loss	-	5,903,214	-	5,903,214	-	5,392,159	-	5,392,159
	-	5,903,214	-	5,903,214	-	5,392,159	-	5,392,159

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

a. Property, plant and equipment

	Leasehold Improvements \$	Plant & Equipment \$	Computer Systems \$	Motor Vehicles \$	Total \$
Cost					
As at 30 June 2013	586,146	759,838	1,499,022	1,008,323	3,853,329
Additions	61,754	62,648	274,631	193,711	592,744
Disposals	-	-	(94,759)	(81,172)	(175,931)
Impairment	-	-	(5,981)	-	(5,981)
As at 30 June 2014	647,900	822,486	1,672,913	1,120,862	4,264,161
Additions	78,522	85,608	392,460	-	556,590
Disposals	(32,997)	(45,591)	(21,889)	(37,922)	(138,399)
Impairment	-	(23,539)	23,355	-	(184)
At 30 June 2015	693,425	838,964	2,066,839	1,082,940	4,682,168
Depreciations and impairment					
As at 30 June 2013	(148,789)	(570,825)	(1,078,404)	(774,007)	(2,572,025)
Depreciation charge for the year	(63,407)	(126,496)	(222,868)	(82,965)	(495,736)
Disposals	-	-	98,691	57,604	156,295
As at 30 June 2014	(212,196)	(697,321)	(1,202,581)	(799,368)	(2,911,466)
Depreciation charge for the year	(85,127)	(73,277)	(290,676)	(95,788)	(544,868)
Disposals	32,997	42,155	18,136	37,922	131,210
As at 30 June 2015	(264,326)	(728,443)	(1,475,121)	(857,234)	(3,325,124)
Net book value					
At 30 June 2014	435,704	125,165	470,332	321,494	1,352,695
At 30 June 2015	429,099	110,521	591,718	225,706	1,357,044

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:

	2015	2014
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

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

	2015	2014
	\$	\$
Current		
Employee benefits	3,448,952	2,655,464
Other provisions	58,906	316,761
	3,507,858	2,972,225
Non-Current		
Employee benefits	145,020	203,486
Make good provision	140,691	136,540
	285,711	340,026

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.

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.

Notes to the financial statements cont'd

Make good provision

The lease agreement for the office premise in Canberra includes a make good clause. It is considered that the make good arrangement is likely to be exercised 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.

c. Unexpended project funds

	2015	2014
	\$	\$
Unexpended project funds	25,755,736	29,973,369
	25,755,736	29,973,369

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 equivalents of cash, cash at bank or held to maturity investments in foreign currencies at year end is \$14,857,674 (2014: \$16,962,686). 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:

	2015	2014
	\$	\$
Net operating surplus	4,232,999	278,092
Depreciation and amortisation	544,868	495,736
Net (gain) on investments designated at fair value through profit and loss	(246,456)	(272,130)
Gain on sale of property, plant and equipment	(13,508)	(41,428)
Asset write off	184	5,981
Make good deferred asset	-	(4,383)
Net unrealised (gain)/loss on foreign exchange	(2,494,133)	730,035
Changes in assets and liabilities		
Decrease/(Increase) in receivables	6,888,733	(4,008,221)
(Increase) in prepayments	(158,518)	(13,582)
Increase in project advances	(2,581,663)	(404,731)
Increase in payables	331,759	170,846
Increase/(Decrease) in provisions	481,318	(21,502)
Decrease in unexpended project funds	(6,022,228)	(1,090,605)
Net cash flows from operating activities	963,354	(4,175,892)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015

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.

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

CARE'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.

CARE's Reserves Policy requires reserves to be maintained to safeguard the continued operations of CARE'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.

Notes to the financial statements cont'd

Note 9 Financial risk management objectives and policies (continued)

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:

	2015	2014
	\$	\$
Financial assets		
Cash	7,804,500	1,773,975
Held to maturity investments	9,942,822	9,406,744
	17,747,322	11,180,719

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

	2015	2014
	\$	\$
Financial assets		
Held to maturity investments	-	6,648,936
	-	6,648,936

CARE 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.

At 30 June 2015, 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		Equity	
	Higher / (Lower)		Higher / (Lower)	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets in AUD				
+0.5% (50 basis points)	88,737	55,904	88,737	55,904
- 0.5% (50 basis points)	(88,737)	(55,904)	(88,737)	(55,904)
Financial assets in USD				
+ 0.5% (50 basis points)	-	33,245	-	33,245
- 0% (0 basis points)	-	-	-	-

Notes to the financial statements cont'd

Note 9 Financial risk management objectives and policies (continued)

b. Foreign currency risk

As a result of significant operations in foreign countries, CARE's Statement of Financial Position can be affected significantly by movements in the USD/AUD exchange rates. CARE 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 CARE'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 local currencies, which at the reporting date were for AUD equivalent of \$1,126,358 (2014: \$445,203). CARE has assessed that the foreign currency exposure to fluctuations in these non-USD denominated accounts is not material.

At 30 June 2015, CARE had the following exposure to USD foreign currency that is not hedged:

	2015	2014
	\$	\$
Financial assets		
Cash	13,554,282	9,617,972
Held to maturity investments	-	6,648,936
Receivables	916,290	904,409
	<u>14,470,572</u>	<u>17,171,317</u>
Financial liabilities		
Payables	(2,079,583)	(1,334,557)
	<u>(2,079,583)</u>	<u>(1,334,557)</u>
Net exposure	<u>12,390,989</u>	<u>15,836,760</u>

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

At 30 June 2015, 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>	Net surplus		Equity	
	Higher / (Lower)		Higher / (Lower)	
	2015	2014	2015	2014
	\$	\$	\$	\$
AUD/USD +5%	(590,047)	(745,131)	(590,047)	(745,131)
AUD/USD - 10%	1,118,163	1,429,109	1,118,163	1,429,109

Notes to the financial statements cont'd

Note 9 Financial risk management objectives and policies (continued)

c. Market risk

Market risk is the risk that the fair value of equity securities held in the investment portfolio decreases. CARE 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 2015 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>	<i>Net surplus Higher / (Lower)</i>		<i>Equity Higher / (Lower)</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	\$	\$	\$	\$
+ 10%	590,321	539,216	590,321	539,216
- 10%	(590,321)	(539,216)	(590,321)	(539,216)

d. Credit risk

Credit risk arises from the financial assets of CARE, 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.

CARE does not hold any credit derivatives to offset its credit exposure.

CARE 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 CARE's exposure to bad debts is not significant.

There is minimum credit risk within CARE 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.

Notes to the financial statements cont'd

Note 9 Financial risk management objectives and policies (continued)

e. Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. 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:

	2015	2014
	\$	\$
6 months or less	2,757,384	2,425,625
6-12 months	25,755,736	29,973,369
1-5 years	-	-
Over 5 years	-	-
Payables	<u>28,513,120</u>	<u>32,398,994</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2015

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

On 25 September 2015, CARE Australia entered into an agreement to lease office accommodation at 406 Collins Street, Melbourne. The lease is for 6 years, with an option to extend a further 4 years, and represents an additional operating lease commitment of \$973,635. The agreement provides for lease incentives in the form of a rent free period of 15 months. The lease also contains a restoration obligation which will be recognised as a provision and the cost apportioned over the life of the lease.

Note 11 Contingencies

As at 30 June 2015 CARE did not have any contingent assets or liabilities (2014: Nil).

Note 12 Commitments

	2015	2014
	\$	\$
Lease expenditure commitments		
Operating leases:		
Minimum lease payments		
- not later than one year	1,841,074	1,266,111
- later than one and not later than five years	1,451,477	1,668,148
- later than five years	-	-
	<u>3,292,551</u>	<u>2,934,259</u>

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 \$9,000 (2014: \$9,000) was paid for Directors and Officers liability insurance.

Director-related entity transactions

During the year CARE Australia paid Guest Furniture Hire the amount of \$83,965 (2014: \$74,512) for office accommodation under a sub-lease arrangement on terms beneficial to CARE Australia. CARE Director William Guest is a Director of Guests Group.

Notes to the financial statements cont'd

Note 14 Key management personnel

a. Details of key management personnel

(i) Directors (non – executive)

Chairman Colin Galbraith, A.M

Vice Chairs Christine O'Reilly

Peter Debnam

Treasurer Bronwyn Morris

Board Members

David Feetham

Robert Glindemann, OAM

Allan Griffiths

William Guest

Professor Stephen Howes

Larke Riemer

Louise Watson

(ii) Executives

Julia Newton-Howes Chief Executive

Greg Brown Principal Executive – Corporate Services and Company Secretary

Paul Kelly Principal Executive – International Programs

Howard Ralley Principal Executive – Marketing and Communications

Robert Yallop Principal Executive – International Operations

b. Compensation of Key Management Personnel - Executives

	2015	2014
	\$	\$
Short term employee benefits	915,996	935,313
Post-employment benefits	92,387	84,391
	<u>1 008,383</u>	<u>1,019,704</u>

Notes to the financial statements cont'd

Note 15 Remuneration of auditors

Amounts received or due and receivable by Ernst & Young Australia for:	2015 \$	2014 \$
An audit or review of the financial report of the Company	120,000	110,707
Other services in relation to the Company		
- IT controls assessment	-	9,500
- USAID audits (reimbursed to CARE Australia by CARE USA)	94,801	81,714
	214,801	201,921

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 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities*
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*

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

Notes to the financial statements cont'd

(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 2015.

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
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>The AASB has issued a new standard for the recognition of revenue.</p> <p>AASB 15:</p> <ul style="list-style-type: none"> replaces AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and some revenue-related Interpretations establishes a new control-based revenue recognition model which changes the basis for deciding whether revenue is to be recognised over time or at a point in time provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) expands and improves disclosures about revenue. 	<p>AASB 15 applies to the preparation of general purpose financial statements by entities from the for-profit, not-for-profit and public sector entities. This Standard will apply to contracts of not-for-profit entities that are exchange transactions. AASB 1004 <i>Contributions</i> will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities project is completed (with an ED 260 inviting public comment on those proposals issued in Q1 2016).</p> <p>At this stage, the Company is not able to estimate the impact of the new revenue standard on the Company's financial statements. Management will make a more detailed assessments of the impact over the next twelve months.</p>	<p>Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Company: 1 July 2018.</p>
AASB 9 <i>Financial Instruments</i>	<p>The new standard sets out revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, impairment and hedge accounting.</p>	<p>The Company does not expect any impact from the standard on the Company's financial assets and financial liabilities.</p> <p>The new hedging rules will also have no impact as the Company currently does not use hedging.</p>	<p>Effective from 1 January 2018</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>	2015	2014
	\$	\$
Donations	13,006,581	13,921,627
Bequests	1,892,499	749,412
Gross proceeds from fundraising appeals	<u>14,899,080</u>	<u>14,671,039</u>
<u>Total expenses for fundraising appeals</u>		
Donations	4,175,763	4,116,044
Bequests	-	123
Total expenses for fundraising appeals	<u>4,175,763</u>	<u>4,116,167</u>
Net surplus from fundraising appeals	<u>10,723,317</u>	<u>10,554,872</u>

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

	2015	2014
	\$	\$
Net surplus obtained from fundraising appeals	<u>10,723,317</u>	<u>10,554,872</u>
Applied for charitable purposes as follows:		
International programs	49,090,905	47,986,979
Program support costs	3,807,703	3,618,403
Community education	1,500,724	1,459,215
Cost of raising program funds from government and multilateral agencies	139,234	134,225
Accountability and administration	2,098,459	1,608,720
Non-monetary expenditure	136,911	173,069
Total expenses	<u>56,773,936</u>	<u>54,980,611</u>
(Shortfall) / surplus	<u>(46,050,619)</u>	<u>(44,425,739)</u>

Shortfall was met from the following sources	2015	2014
	\$	\$
DFAT grants	18,908,880	19,370,029
Other Australian grants	8,276,237	7,155,310
Other overseas grants	19,222,441	16,772,675
Investment income	725,434	776,551
Other income	3,150,626	629,266
	<u>50,283,618</u>	<u>44,703,831</u>
Net surplus transferred to accumulated funds for future use	<u>4,232,999</u>	<u>278,092</u>

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

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

COMPARISON BY PERCENTAGE	2015 %	2014 %
Total Cost of Public Fundraising/Revenue from the Australian Public	28	28
Net surplus from Fundraising/Revenue from the Australian Public	72	72

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 *Corporations Act 2001* and 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 2015 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, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulations 2013*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (d) 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;
- (e) 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
- (f) 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



Bronwyn Morris
Treasurer

19 October 2015



Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
GPO Box 281 Canberra ACT 2601

Tel: +61 2 6267 3888
Fax: +61 2 6246 1500
ey.com

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 2015, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Ben Tansley
Partner
19 October 2015



Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
GPO Box 281 Canberra ACT 2601

Tel: +61 2 6267 3888
Fax: +61 2 6246 1500
ey.com

Independent auditor's report to the members of CARE Australia

Report on the financial report

We have audited the accompanying financial report of CARE Australia, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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, the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of CARE Australia is in accordance with the *Corporations Act 2001* and 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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2 (a).

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* 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 2008* 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.

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 2015, 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 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
 - (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 2015 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst + Young

Ernst & Young

Ben Tansley

Ben Tansley
Partner
Canberra
19 October 2015