



CARE AUSTRALIA

ABN 46 003 380 890

FINANCIAL REPORT

For the year ended 30 June 2021

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DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2021.

Board of Directors

The names of the Board Members in office during the financial year are as follows.

<i>Chairperson</i>	Colin Galbraith AM (to 6 March 2020, Board member to 25 January 2021) Marcus Laithwaite (from 6 March 2020, Board member from 21 July 2017)
<i>Treasurer</i>	Joseph Tesvic (from 6 March 2020, Board member from 6 September 2016)
<i>Board Members</i>	David Feetham (from 25 November 2013) Dr Phoebe Wynn-Pope (26 from October 2018) Diana Nicholson (from 26 July 2019) Peter Varghese AO (from 26 July 2019) Joanne Thomson (from 20 May 2021) Morgana Ryan (from 20 May 2021)

Directors' Report Cont'd

As at the date of this report, CARE Australia (the Company) had the following standing committees: Executive Committee; International Programs and Operations Committee; Finance and Risk Committee; People Committee; Fundraising and Marketing 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 Chairperson attends committee meetings at his discretion.

The members of the International Programs and Operations Committee during the 2020-21 financial year were Dr Phoebe Wynn-Pope (Chair), Mr Marcus Laithwaite, Mr Peter Varghese AO, Mr David Feetham and Mr Joseph Tesvic.

The members of the Finance and Risk Committee during the 2020-21 financial year were Mr Joseph Tesvic (Chair), Mr Marcus Laithwaite, Dr Phoebe Wynn-Pope and Ms Diana Nicholson.

The members of the People Committee during the 2020-21 financial year were Ms Diana Nicholson (Chair) and Mr Marcus Laithwaite.

The members of the Fundraising and Marketing Committee during the 2020-21 financial year were Mr Marcus Laithwaite (Chair) and Mr David Feetham.

The Governance and Nominations Committee did not meet during the 2020-21 financial year.

Directors' Report Cont'd

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		International Programs & Operations		People		Finance & Risk		Fundraising & Marketing		
	A	B	A	B	A	B	A	B	A	B	
Colin Galbraith AM	2	2	0	0	0	0	0	0	0	0	0
Marcus Laithwaite	4	4	4	4	4	4	4	4	4	4	4
Joseph Tesvic	4	4	4	4	0	0	4	4	0	0	0
David Feetham	4	4	4	4	0	0	0	0	4	4	4
Peter Varghese AO	4	4	4	4	0	0	0	0	0	0	0
Dr Phoebe Wynn-Pope	4	4	4	4	0	0	4	4	0	0	0
Diana Nicholson	4	4	0	0	4	4	4	4	0	0	0
Joanne Thomson	1	1	0	0	0	0	0	0	0	0	0
Morgana Ryan	1	1	0	0	0	0	0	0	0	0	0

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.

In support of the objects of the Company, in the last year CARE Australia has outlined a new strategic ambition, "Supporting Women, Defeating Poverty", focused on maximising our impact across three domains: gender, climate and economic justice. We are targeting our efforts mostly to Asia-Pacific, working in partnership with local communities, organisations and governments to ensure women: 1) have equal opportunities to earn an income and have sustainable livelihoods; 2) gain access to their fair share of resources; 3) lead and participate in decisions that affect their lives, and 4) have the resilience to withstand the increasing impacts of climate disasters and other crises and shocks.

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.

Directors' Report Cont'd

Operating Results

CARE Australia recorded an operating surplus of \$4.9m in 2020/21. A significant portion of this surplus is committed to essential development and humanitarian action, which will take place in the coming year. Given the uncertainties around the global pandemic, CARE Australia exercised tight and prudent cost control to ensure that it remained capable of responding to needs during vulnerable times. Pleasingly, with tremendous support from our donors, we were able to see a 10% revenue increase to \$77.1m. This is a reflection of the increased grant revenue from overseas donors, as well as the incredible public support for emergency responses to COVID-19, the Beirut explosion, the Rohingya refugees, and the conflicts in Syria and Yemen.

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).
- Assessment against the Australian Council for International Development (ACFID) Code.
- Growth in income from the Australian public, DFAT and the Australian Government, CARE International members, foreign governments and overseas based organisations, and from investments.
- Managing the costs of fundraising and administration as a reasonable proportion of total income.

Management and the Board also monitor the Company's overall performance, which includes an assessment of achievements against the organisation's strategic plan, as well as monitoring performance of the Company against the annual operating plan and financial budget.

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.

CARE Australia responded to fifteen humanitarian emergencies in 19 countries, including Tropical Cyclone Yasa in the Pacific, (Fiji and Vanuatu), flooding in Timor Leste and Vietnam, the COVID-19 crisis across the Asia-Pacific, as well as the Beirut Port explosion in Lebanon and protracted crises in Bangladesh, Iraq, Syria and Yemen.

Significant Changes in the State of Affairs

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

Employees

As at 30 June 2021, the Company employed 83 staff (2020: 77 staff) on Australian contracts and 732 staff (2020: 741 staff) on contracts entered into in other countries including Cambodia, Laos, Myanmar, Papua New Guinea, Timor-Leste, Vanuatu and Vietnam.

Directors' Report Cont'd

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 were \$15,585 (2020: \$14,500). 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.

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, the 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.

Directors' Report Cont'd

Particulars of Directors

CHAIR UNTIL MARCH 2020

BOARD MEMBER UNTIL JANUARY 2021

Colin Galbraith AM

Director since 2004.

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

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

CHAIR FROM MARCH 2020

TREASURER FROM 2017 TO MARCH 2020

Marcus Laithwaite

Director since 2017.

Partner, PwC Australia; Member of CARE International's Governance and Nominations Committee.

Formerly – Chair of ChildFund Australia, Director of the PwC Foundation, Board member and Treasurer of the European Australian Business Council and Chair of the Finance & Audit Committee of Sydney Living Museums.

TREASURER FROM MARCH 2020

Joseph Tesvic

Director since 2016.

Senior Partner, McKinsey & Company. Leader of McKinsey's Operations Improvement Practice for Asia-Pacific and Consumer Practice for Australia and New Zealand.

MEMBERS

David Feetham

Director since 2013

Deputy Chairman, Gresham Advisory Partners Limited.

Formerly – Macquarie Bank in Sydney; Baker & McKenzie.

Diana Nicholson

Director since 2019

Senior Partner, King & Wood Mallesons; Board Member, King & Wood Mallesons Community Impact Board; Member and Acting President, Takeovers Panel; Trustee, Melbourne and Olympic Parks.

Directors' Report Cont'd

Peter Varghese AO

Director since 2019.

Chancellor of The University of Queensland. Director, North Queensland Airports; Chair, Asialink Advisory Council; Chair, Editorial Advisory Board, DFAT Historical Documents Series; Member, International Governing Board of the Rajaratnam School of International Studies in Singapore; Advisor, Tata Consultancy Services.

Formerly – Secretary, Department of Foreign Affairs and Trade; High Commissioner to India; High Commissioner to Malaysia; Director-General, Office of National Assessments; Senior Advisor (International) to the Prime Minister of Australia.

Dr Phoebe Wynn-Pope

Director since 2018

Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth. Member, Monash University Masters of International Relations Industry Board; Member, University of New South Wales Australian Human Rights Institute Advisory Committee; Ambassador for the Community Refugee Sponsorship Initiative; Graduate Member, Australian Institute of Company Directors (AICD).

Formerly – Founding Director, Humanitarian Advisory Group; Director, International Humanitarian Law and Movement Relations at Australian Red Cross.

Morgana Ryan

Director since 2021.

The Board Chair of Infoxchange and Connecting Up. Fellow of the Australian Institute of Company Directors.

Joanne Thomson

Director since 2021.

Co-Founder and Lead Advisor with Learning4Development Pty Ltd. Master of International Public Health and Graduate Diploma in International Social Development. Board Director, Accountable Now (Berlin).

Formerly- Board Director and Vice Chair, ChildFund Australia; Independent Review Panel, GAVI.

Directors' Report Cont'd

COMPANY SECRETARY

Louise Gray

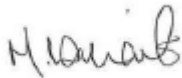
Company Secretary since 2016.

Chair, Epilepsy ACT; Director, Epilepsy Australia; Director, Havelock Housing Association.

Formerly – First Assistant Secretary and Chief Finance Officer, Department Immigration and Citizenship, Deputy Chief Executive Officer, Carers ACT; ACT State Manager, National Disability Services.

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 "M. Laithwaite".

Marcus Laithwaite
Chair

A handwritten signature in black ink, appearing to read "Joseph Tesvic".

Joseph Tesvic
Treasurer
30 November 2021

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

		2021	2020
		\$	\$
REVENUE	<i>Note</i>		
Revenue from Australian public			
Donations from the Australian public - Cash	3	10,235,906	9,050,468
Donations from the Australian public - in kind	3	344,253	66,226
Bequests	3	1,134,982	1,051,840
Total Revenue from Donation and Bequests		11,715,141	10,168,534
Revenue from contracts with customers (Grants and Contracts)			
Department of Foreign Affairs and Trade	3	7,927,651	12,202,267
Other Australian	3	20,049,995	19,388,491
Other overseas	3	34,930,696	26,874,961
Total Revenue from contracts with customers		62,908,342	58,465,719
Investment income	3	1,558,371	320,010
Other income	3	964,938	888,106
Total revenue and income	3	77,146,792	69,842,369
EXPENSES			
International programs			
Funds to international programs	4(a)(i)	62,380,923	60,711,491
Program support costs	4(a)(ii)	2,368,711	2,374,626
Community education	4(a)(iii)	1,200,810	985,546
Fundraising costs			
Public	4(a)(iv)	2,692,711	3,967,885
Government, multilateral and private	4(a)(v)	142,122	190,660
Accountability and administration	4(a)(vi)	3,109,405	1,850,730
Non-monetary expenditure – Australian based		344,254	66,226
Total expenses		72,238,936	70,147,164
NET (DEFICIT)/SURPLUS		4,907,856	(304,795)
Other comprehensive income		-	-
Total comprehensive income/(expenditure) for the year		4,907,856	(304,795)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	5(a)	24,681,612	19,174,631
Term deposits	5(b)	8,000,000	9,157,635
Prepayments		860,639	572,139
Project advances	5(c)	5,962,563	3,285,306
Trade and other receivables	5(d)	5,682,320	3,332,996
TOTAL CURRENT ASSETS		45,187,134	35,522,707
NON-CURRENT ASSETS			
Other non-current financial assets	5(b)	276,378	276,378
Property, plant and equipment	6(a)	1,052,715	978,320
Right of Use Assets	6(d)	2,246,013	2,441,837
Investments	5(b)(e)(g)	11,791,485	10,186,378
TOTAL NON-CURRENT ASSETS		15,366,591	13,882,913
TOTAL ASSETS		60,553,725	49,405,620
CURRENT LIABILITIES			
Trade and other payables	5(f)	2,658,510	1,620,804
Provisions	6(b)	3,287,036	3,303,588
Lease liabilities	6(d)	623,612	631,366
Contract liabilities	6(c)	31,937,428	26,443,991
TOTAL CURRENT LIABILITIES		38,506,586	31,999,749
NON-CURRENT LIABILITIES			
Provisions	6(b)	446,843	504,737
Lease liabilities	6(d)	1,835,669	2,044,363
TOTAL NON-CURRENT LIABILITIES		2,282,512	2,549,100
TOTAL LIABILITIES		40,789,098	34,548,849
NET ASSETS		19,764,627	14,856,771
EQUITY			
General reserve		19,674,346	15,062,680
Specific purpose reserve		1,133,110	484,576
Foreign currency reserve		(1,042,829)	(690,485)
TOTAL EQUITY		19,764,627	14,856,771

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 2021

Statement of Changes in Equity	Note	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2020	7	15,062,680	484,576	(690,485)	14,856,771
Net operating surplus for the year		4,611,666	648,534	(352,344)	4,907,856
Other comprehensive income for the year		-	-	-	-
Amounts transferred (to)/from reserves		-	-	-	-
Balance at 30 June 2021	7	19,674,346	1,133,110	(1,042,829)	19,764,627

For the year ended 30 June 2021

Statement of Changes in Equity	Note	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2019	7	13,232,027	2,312,459	(414,085)	15,130,401
Adjustment in equity due to adoptions of new accounting standard AASB16 Lease		31,165	-	-	31,165
Net operating surplus for the year		1,799,488	(1,827,883)	(276,400)	(304,795)
Other comprehensive income for the year		-	-	-	-
Amounts transferred (to)/from reserves		-	-	-	-
Balance at 30 June 2020	7	15,062,680	484,576	(690,485)	14,856,771

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 2021

	2021	2020
Note	\$	\$
Cash flows from operating activities		
General public donations	10,957,173	9,992,528
Grants and contract income (inclusive of GST)	64,658,552	63,210,301
Interest income	374,320	393,670
Other income	959,795	881,225
Payments to suppliers and employees (inclusive of GST)	(68,713,683)	(67,318,905)
Net cash flows (used in)/from operating activities	8,236,157	7,158,819
Cash flow from investing activities		
Acquisition of property, plant and equipment	(484,798)	(402,979)
Proceeds from sale of property, plant and equipment	30,586	18,746
Net Cash from/(used in) investments	736,580	(4,632,595)
Net cash flows (used in)/from investing activities	282,368	(5,016,828)
Cash flow from financing activities		
Repayment of lease principal	(952,118)	(756,266)
Net cash flows (used in) financing activities	(952,118)	(756,266)
Net (decrease)/increase in cash held	7,566,407	1,385,726
Net foreign exchange differences	(2,059,426)	88,357
Cash at the beginning of the year	19,174,631	17,700,548
Cash at the end of the year	24,681,612	19,174,631

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

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2. Basis of preparation

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Notes to the Financial Statements - 30 June 2021

BASIS OF PREPARATION

Note 1 Corporate information

The financial report of CARE Australia (the Company) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors dated 30 November 2021.

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

National Office
Ground Floor,
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 2021 there were eight 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 Corporations Act 2001, 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 is Australian dollars (\$).

Notes to the financial statements cont'd

Note 2 Basis of preparation (continued)

Translation of foreign currency transactions and balances

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.

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 last day of the month and their statements of profit or loss are translated at 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 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 cont'd

Note 2 Basis of preparation (continued)

d. *Changes in accounting policy and disclosures*

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 30 June 2021. The management are in the process of assessing the impact of the applications of these standards and its amendments to the extent relevant to the financial statements of the Company.

Notes to the Financial Statements - 30 June 2021

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. Reserves
- 8. 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:

	2021	2020
	\$	\$
Income applied to AASB1058		
REVENUE		
Donations		
Donations from the Australian public - Cash	10,235,906	9,050,468
Donations from the Australian public - in kind	344,253	66,226
Bequests	1,134,982	1,051,840
Total donations	11,715,141	10,168,534
JobKeeper support	682,500	325,500
Other income	282,438	562,606
Other income	964,938	888,106
Income applied to AASB15		
Revenue from contracts with customers (Grants and Contracts)		
Department of Foreign Affairs and Trade	7,927,651	12,202,267
Other Australian Government departments	3,468,002	3,799,277
Non-government organisations including managing contractors	16,527,392	15,401,924
Other Australian organisations	54,601	187,290
Total other Australian grants	20,049,995	19,388,491
CARE International members	21,693,197	16,193,481
Multilateral agencies	7,859,555	5,783,712
Foreign governments and overseas based organisations	5,377,944	4,897,768
Total other overseas grants	34,930,696	26,874,961
Totals Revenue from contracts with customers (Grants and Contracts)	62,908,342	58,465,719
Income applied to AASB9		
Interest income	67,959	136,498
Dividends	306,361	257,172
Fair value gain/(loss) on investments	1,184,051	(73,660)
Total investment income	1,558,371	320,010
Total revenue and other income	77,146,792	69,842,369

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 fundraising, bequests, government and other grants.

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 funding, which are treated differently for the purposes of revenue recognition as follows:

- *Donations from the Australian public - Cash* 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 as revenue on receipt in the accounting records.
- *Revenue from contracts with customers (Grants and contracts)* are received from donors with specific donor requirements as to what project the funds are to be spent on. Where donor directions impose specific restrictions on fund usage and funds may be required to be repaid, the income is initially recorded as a current liability under contracts liabilities and recognised as revenue when expended. Restricted donations with general donor requirements are recognised as revenue on receipt in the accounting records. Any contract liabilities are held in a specific purpose reserve for use in future years.
- *Bequests* are received from deceased person's will. As there are no terms established between CARE Australia and the estate, that is within the scope of AASB1058 and recognised as revenue on receipt.

(ii) Donations from Australian public – in kind

Revenue in respect of 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 measured.

(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):

Notes to the financial statements cont'd

Note 4 Expenses (continued)

- 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
- 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 activities and 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 sector

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 include 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,
- staff Salary
- legal fees,
- memberships and subscriptions,
- CARE international secretariat fees,
- office accommodation expenses (rent, maintenance, depreciation, utilities, etc.),

Notes to the financial statements cont'd

Note 4 Expenses (continued)

- bank charges (not donation related),
- restructure cost during 2020-21 financial year, and
- general staff training.

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:

	2021	2020
	\$	\$
Employee benefits expense	31,571,919	31,702,797
Depreciation expense	1,422,430	1,090,538

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

	2021	2020
	\$	\$
Cash on hand	609,807	476,588
Cash at bank	23,766,504	18,379,086
International revolving fund	305,301	318,957
	24,681,612	19,174,631

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. International revolving fund is contribution to CARE International fund to support confederation – wide activity.

b. Financial Instruments

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

Financial assets at amortised cost

This category is the most relevant to the Company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised as profit or loss when the asset is derecognised, modified or impaired. The company's financial assets at amortised cost includes trade and other receivables and term deposits in the statement of financial position.

Notes to the financial statements cont'd

Note 5 Financial assets and liabilities (continued)

Investments held at fair value through Profit or Loss

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 fair value gains or losses in the Statement of Comprehensive Income.

Investments at fair value consist of investments in Australian equities, managed funds and unit trusts and therefore have no fixed maturity date. During the year ended 30 June 2021, the fair value of the investments increased by \$1,184,051 (2020: decrease \$73,660) based on the published prices for each Australian equity holding, managed fund or unit trust as at 30 June.

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*

	2021 \$	2020 \$
Trade receivables	4,183,061	1,152,962
GST receivable	306,623	343,802
CARE International Members	129,011	241,736
Contracts asset project funds receivable	1,091,201	1,609,838
	5,709,896	3,348,338
Allowance for expected credit losses	(27,576)	(15,342)
Total trade and other receivables (net)	5,682,320	3,332,996

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any allowance for expected credit losses. Trade and other receivables are generally due for settlement within 30 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Contracts asset 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 three months.

Notes to the financial statements cont'd

Note 5 Financial assets and liabilities (continued)

	2021	2020
	\$	\$
Receivables are aged as follows:		
Not overdue	964,579	823,838
Overdue by:		
0 to 30 days	3,368,072	845,678
31 to 60 days	216,522	49,293
61 to 90 days	-	-
More than 90 days	1,133,147	1,614,187
Total receivables (gross)	5,682,320	3,332,996

Amounts receivable overdue by more than 90 days relate to pre-fund advances to non-leading member country offices.

e. Investments

	2021	2020
	\$	\$
Listed investments at fair value in:		
Investment trusts	11,791,485	10,186,378
	11,791,485	10,186,378
Movement in investments		
Balance at 1 July	10,186,378	9,016,044
Purchases	7,537,440	2,343,484
Disposals	(7,116,384)	(1,099,490)
Revaluation gain/(loss)	1,184,051	(73,660)
Balance at 30 June	11,791,485	10,186,378

Investments in 2021 were managed by Mutual Trust and Koda on behalf of CARE Australia. Mutual Trust and Koda held a variety of investments which generate a return based on income from those investments and changes in the market value of investments. CARE Australia's investment in Mutual Trust and Koda could be redeemed on an at-call basis at the market value of investment at the date of redemption less certain fees and charges. In 2021, the investment management arrangements were reviewed and movement in investments reflects activity to implement the changes.

f. Trade and other payables

	2021	2020
	\$	\$
Current		
Trade creditors	1,036,048	596,112
Accruals	529,863	394,895
Other creditors	840,445	382,566
CARE International Members	36,199	42,181
Accrued salary payments	215,955	205,050
	2,658,510	1,620,804

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

Note 5 Financial assets and liabilities (continued)

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 2021				Year ended 30 June 2020			
	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	556,212	11,235,273	-	11,791,485	307,454	9,878,924	-	10,186,378
	556,212	11,235,273	-	11,791,485	307,454	9,878,924	-	10,186,378

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, level 2 and level 3 during the period.

Notes to the financial statements cont'd

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.

a. Property, plant and equipment

	Leasehold Improvements	Plant & Equipment	Computer Systems	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Cost					
As at 30 June 2019	1,173,412	900,542	2,285,000	1,088,547	5,447,501
Additions	117,739	7,731	92,628	184,881	402,979
Disposals	-	-	(5,204)	(38,820)	(44,024)
Adjustment	4,414	-	-	-	4,414
As at 30 June 2020	1,295,565	908,273	2,372,424	1,234,608	5,810,870
Additions	-	27,847	162,707	294,244	484,798
Disposals	-	(26,227)	(111,946)	(45,743)	(183,916)
Adjustment	(2,669)	8	1	5,263	2,603
At 30 June 2021	1,292,896	909,901	2,423,186	1,488,372	6,114,355
Depreciations and impairment					
As at 30 June 2019	(637,305)	(831,851)	(1,980,535)	(987,128)	(4,436,819)
Depreciation charge for the year	(126,689)	(43,465)	(189,214)	(68,520)	(427,888)
Disposals	-	-	4,337	27,820	32,157
As at 30 June 2020	(763,994)	(875,316)	(2,165,412)	(1,027,828)	(4,832,550)
Depreciation charge for the year	(129,745)	(24,822)	(150,098)	(82,897)	(387,562)
Disposals	-	24,037	110,002	24,433	158,472
As at 30 June 2021	(893,739)	(876,101)	(2,205,508)	(1,086,292)	(5,061,640)
Net book value					
At 30 June 2020	531,571	32,957	207,012	206,780	978,320
At 30 June 2021	399,157	33,800	217,678	402,080	1,052,715

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

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:

	2021	2020
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

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

	2021	2020
Current	\$	\$
Employee benefits	3,230,045	3,244,203
Other provisions	56,991	59,385
	3,287,036	3,303,588
Non-Current		
Employee benefits	193,863	255,567
Make good provision	252,980	249,170
	446,843	504,737

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.

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

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.

Make good provision

The lease agreement for the office premises in Melbourne 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 lease for office premises in Canberra does not have a requirement for make good. The provision is reviewed annually.

Movements in the make good provision were as follows:	2021	2020
	\$	\$
As at 1 July	249,170	238,700
Write off of make good provision	-	-
Unwinding of discount factor	3,810	10,470
As at 30 June	252,980	249,170

c. Contract liabilities-Unexpended project funds

	2021	2020
	\$	\$
As at 1 July	26,443,991	22,829,164
Received during the year	69,585,321	61,871,703
Released to the statement of profit or loss	(64,091,884)	(58,256,876)
As at 30 June	31,937,428	26,443,991

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 Dollars (AUD), United States Dollars (USD), Euros, Great Britain Pounds, PGK and VATU. There are various foreign currency bank accounts that may create a natural

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

hedge in certain circumstances. The AUD equivalent of cash, cash at bank or term deposits in foreign currencies at year end is \$20,257,440 (2020: \$17,506,246). The remainder of the funds are held in AUD.

d. Leases

Company as a lessee

The Company has lease contracts for various items of properties and other equipment used in its operations. Leases of properties generally have lease terms between 6 months and 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right of use assets recognised and movements during the period.

	<i>Office Buildings</i>
	\$
As at 1 July 2020	2,441,837
Additions	839,043
Less: depreciation	<u>(1,034,867)</u>
As at 30 June 2021	<u>2,246,013</u>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

As at 1 July 2020	2,675,729
Additions	624,857
Accretion of interest	110,814
Payments	<u>(952,118)</u>
As at 30 June 2021	<u>2,459,282</u>

Lease liabilities

Current	623,613
Non-Current	<u>1,835,669</u>
Total	<u>2,459,282</u>

Notes to the financial statements cont'd

Note 6 Non-financial assets and liabilities (continued)

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	1,034,867
Interest expense on lease liabilities	110,814
Total amount recognised in profit or loss	<u>1,145,681</u>

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2021	2020
	\$	\$
Within one year	1,007,487	1,264,087
After one year but not more than five years	683,131	2,580,350
More than five years	-	-
Total	<u>1,690,618</u>	<u>3,844,437</u>

Notes to the financial statements cont'd

Note 7 Reserves

General reserves comprise the accumulated operating results of the Company. These funds are held to safeguard financial stability, enduring operating capacity and the capacity to strategically invest. The Company's Reserve Policy sets the minimum level of general reserves and outlines the process for the Board to approve the use of reserve funds.

Specific purpose reserves are unspent restricted donations carried forward for the purpose of spending on specific activities or programs in the future.

Foreign currency reserves comprise the cumulative unrealised foreign exchange gains or losses resulting from the revaluation of assets and liabilities held in foreign currency.

Note 8 Cash flow information

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

	2021	2020
	\$	\$
Net operating (deficit)/surplus	4,907,856	(304,795)
Depreciation and amortisation	387,562	427,888
Net (gain) on investments designated at fair value through profit and loss	(1,184,051)	73,660
Gain on sale of property, plant and equipment	(5,142)	(6,881)
Asset write off	(2,603)	(4,414)
Net unrealised loss/(gain) on foreign exchange	352,344	276,400
Repayment of lease principal	952,118	756,266
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(2,349,324)	1,418,985
(Increase)/Decrease in Right to Use Asset	195,824	(2,441,837)
Decrease/(Increase) in prepayments	(288,500)	101,008
Decrease/(Increase) in project advances	(2,677,257)	1,637,834
(Decrease)/increase in creditors and borrowings	1,037,706	(655,891)
(Decrease) in provisions	(74,446)	(76,369)
(Decrease)/increase in Lease Liabilities	(216,448)	2,675,729
(Decrease)/Increase in unexpended project funds	7,200,518	3,250,071
Lease Equity adjustment	-	31,165
Net cash flows (used in)/from operating activities	8,236,157	7,158,819

Notes to the Financial Statements - 30 June 2021

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.

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

Notes to the financial statements cont'd

Note 9 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)

Management bases its judgements and estimates on historical experiences and on other 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 10 Financial risk management

The Company's principal financial instruments comprise cash, term deposits, 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 assists 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 10 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 term deposits.

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

	2021	2020
	\$	\$
Financial assets		
Cash	4,424,173	7,826,020
Term deposits	8,000,000	3,000,000
	<u>12,424,173</u>	<u>10,826,020</u>

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

	2021	2020
	\$	\$
Financial assets		
Term deposit	-	6,157,635
	<u>-</u>	<u>6,157,635</u>

The Company regularly 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 10 Financial risk management objectives and policies (continued)

At 30 June 2021, 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)	
	2021 \$	2020 \$	2021 \$	2020 \$
Financial assets in AUD				
+0.5% (50 basis points)	62,121	54,130	62,121	54,130
- 0.5% (50 basis points)	(62,121)	(54,130)	(62,121)	(54,130)
Financial assets in USD				
+ 0.5% (50 basis points)	-	30,788	-	30,788
- 0.5% (50 basis points)	-	(30,788)	-	(30,788)

Interest rate for USD during financial year 2020-2021 was 0%, therefore there were no USD term deposits.

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 \$812,601 (2020: \$374,194). The Company has assessed that the foreign currency exposure to fluctuations in these non-USD denominated accounts is not material.

At 30 June 2021, the Company had the following exposure to USD foreign currency denominated balances that were not hedged:

	2021 \$AUD	2020 \$AUD
Financial assets		
Cash	20,257,440	11,348,611
Term deposits	-	6,157,635
Receivables	658,330	1,000,897
	<u>20,915,770</u>	<u>18,507,143</u>
Financial liabilities		
Payables	(3,932,500)	(3,263,483)
	<u>(3,932,500)</u>	<u>(3,263,483)</u>
Net exposure	<u>16,983,270</u>	<u>15,243,660</u>

Notes to the financial statements cont'd

Note 10 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 2021, 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)	
	2021	2020	2021	2020
	\$	\$	\$	\$
AUD/USD + 10%	(1,543,934)	(1,385,787)	(1,543,934)	(1,385,787)
AUD/USD – 10%	1,532,570	1,375,588	1,532,570	1,375,588

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 Risk 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 2021 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>	Net surplus		Equity	
	Higher / (Lower)		Higher / (Lower)	
	2021	2020	2021	2020
	\$	\$	\$	\$
+ 10%	1,179,148	1,018,638	1,179,148	1,018,638
- 10%	(1,179,148)	(1,018,638)	(1,179,148)	(1,018,638)

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 Company'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 10 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 Department.

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:

	2021	2020
	\$	\$
6 months or less	2,658,510	1,620,804
6-12 months	31,937,428	26,360,213
1-5 years	-	-
Over 5 years	-	-
Payables	<u>34,595,938</u>	<u>27,981,017</u>

Notes to the Financial Statements - 30 June 2021

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.

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

Notes to the financial statements cont'd

Note 11 Events subsequent to the reporting date

There are no significant events subsequent to the reporting date.

Note 12 Contingencies

As at 30 June 2021 the Company did not have any contingent assets or liabilities (2020: Nil).

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 if requested. An amount of \$15,585 (2020: \$14,500) was paid for Directors and Officers liability insurance.

Director-related entity transactions

During the year, CARE Australia received \$16,508 donations and \$10,000 Pro bono services from PwC related to Executive Team development. The CARE Australia Chair, Marcus Laithwaite, is a Senior Partner at PwC.

CARE Australia received \$272,466 Pro bono services from Corrs Chambers Westgarth. The CARE Chair of the International Programs and Operations Committee, Dr Phoebe Wynn-Pope, is Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth.

CARE Australia received \$45,555 Pro bono services and \$51,288 donation from King & Wood Mallesons. The CARE Chair of People committee, Ms Diana Nicholson, is Senior Partner at King & Wood Mallesons.

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 (to 6 March 2020, Board member to 25 January 2021)
	Marcus Laithwaite (from 6 March 2020, Board member from 21 July 2017)
<i>Treasurer</i>	Joseph Tesvic (from 6 March 2020, Board member from 6 September 2016)
<i>Board Members</i>	David Feetham (from 25 November 2013)
	Dr Phoebe Wynn-Pope (26 from October 2018)
	Diana Nicholson (from 26 July 2019)
	Peter Varghese AO (from 26 July 2019)
	Joanne Thomson (from 20 May 2021)
	Morgana Ryan (from 20 May 2021)

(ii) Executives

Peter Walton	Chief Executive (from 23 January 2020)
Louise Gray	Chief Operating Officer and Company Secretary (18 January 2016)
Catherine Hoban	Director, Fundraising and Marketing (from 12 November 2019)
David Sims	Director, International Programs and Operations (from 10 August 2020)

Notes to the financial statements cont'd

b. Compensation of Key management personnel - Executives

	2021	2020
	\$	\$
Short term employee benefits	837,646	691,835
Post-employment benefits	79,576	74,979
Termination benefit	-	230,763
	917,222	997,577

Executive remuneration figures for 2019-20 were affected by the departure of long term staff and associated payment of entitlements.

Note 15 Remuneration of auditors

	2021	2020
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the Company	104,332	102,960
	104,332	102,960

Notes to the financial statements cont'd

Note 16 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>	2021	2020
	\$	\$
Donations	10,580,158	9,116,694
Bequests	1,134,982	1,051,840
Gross proceeds from fundraising appeals	11,715,140	10,168,534
<u>Total expenses for fundraising appeals</u>		
Donations	2,692,711	3,967,885
Total expenses for fundraising appeals	2,692,711	3,967,885
Net surplus from fundraising appeals	9,022,429	6,200,649

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

	2021	2020
	\$	\$
Net surplus obtained from fundraising appeals	9,022,429	6,200,649
Applied for charitable purposes as follows:		
International programs	62,380,923	60,711,491
Program support costs	2,368,711	2,374,626
Community education	1,200,810	985,546
Cost of raising program funds from government and multilateral agencies	142,122	190,660
Accountability and administration	3,109,405	1,924,390
Non-monetary expenditure	344,253	66,226
Total expenses	69,546,224	66,252,939
(Shortfall) / surplus	(60,523,795)	(60,052,290)

Shortfall was met from the following sources	2021	2020
	\$	\$
DFAT grants	7,927,651	12,202,267
Other Australian grants	20,049,995	19,388,491
Other overseas grants	34,930,696	26,874,961
Investment income	1,558,371	393,670
Other income	964,938	888,106
	65,431,651	59,747,495
Net surplus transferred to accumulated funds for future use	4,907,856	(304,795)

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

COMPARISON BY PERCENTAGE	2021 %	2020 %
Total Cost of Public Fundraising/Revenue from the Australian Public	23	39
Net surplus from Fundraising/Revenue from the Australian Public	77	61

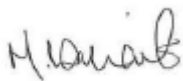
DIRECTORS' DECLARATION

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 2021 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

A handwritten signature in black ink, appearing to read "M. Laithwaite".

Marcus Laithwaite

Chair

A handwritten signature in black ink, appearing to read "Joseph Tesvic".

Joseph Tesvic
Treasurer

30 November 2021



**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 2021, 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 black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink, appearing to be "Irene Tzavaras".

Irene Tzavaras
Partner
30 November 2021



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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 2021, 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 2021 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 (*including Independence Standards*) (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: https://www.auasb.gov.au/auditors_responsibilities/ar4.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)*.

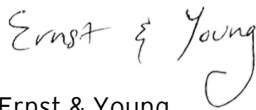
Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit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

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 2021, 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 2021 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Irene Tzavaras
Partner
30 November 2021