



**TEAR Australia**  
**ABN: 85 085 413 832**

Financial Statements  
For the Year Ended  
30 June 2018

# TEAR Australia

ABN 85 085 413 832

For the Year Ended 30 June 2018

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# TEAR Australia

ABN 85 085 413 832

## Directors' Report

30 June 2018

The Directors submit the financial report of TEAR Australia (the Company) for the financial year ended 30 June 2018

The names of each person who has been a director during the year and to the date of this report are:

Joanna Betteridge (Chair)	
Peter Snowsill (Deputy Chair)	Deputy Chair from Dec 2017
Barbara Deutschmann	
Brett Gresham	
Graham Hall	
Joanna Lee	Elected Nov 2017
Matthew Maury (also National Director)	
Barry Morris	
Peter Noble	Deputy Chair up to and including Nov 2017
Joanna Watts	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Principal Activities

The principal activities of the Company during the financial year were responding to poverty and injustice around the world.

### Short-term and Long-term objectives

The company's short-term objectives are to:

- Educate Australian Christians about poverty and injustice and give them practical ways to respond.
- Fund development projects in partnership with local Christian agencies.
- Mobilise Christians to participate in advocating political, church and business leaders around campaigns achieving poverty alleviation goals.
- Achieve success in sustainable development goals and campaigns.

The company's long-term objectives are to:

- Eliminate poverty and injustice in communities around the world.
- Mobilise Australian Christians to live more justly and sustainably.

### Strategies

To achieve its stated objectives the company has adopted the following strategies

- Working with Christian partners to implement development projects
- Working with advocacy coalitions focused on achieving policy change on poverty and justice issues
- Various supporter education and mobilisation strategies targeting Australian Christians
- Multiple fundraising and awareness campaigns and initiatives
- Church engagement work

### Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks.

These benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved

- Project by project outcomes and impact indicators - covering water, health, income, education, food security
- Donations and Income raised to support poverty alleviation projects
- Number of supporters involved with advocacy campaigns
- Number of churches engaged with TEAR's work
- Number of TEAR Groups active across Australia

# TEAR Australia

ABN 85 085 413 832

## Information on Directors

Joanna Betteridge (Board Chair)	Qualifications	BA, LLB, LLM, GAICD, PRIMed
	Experience	Board Member since 2010. Principal of employment and safety law firm Betteridge Legal Consulting. Senior Fellow and Lecturer at Monash University.
	Special Responsibilities	Board Chair, Governance Committee member
Peter Snowsill	Qualifications	BE (Hons), MAICD
	Experience	Board member since 2015. Chemical Engineer with governance, management and project expertise in industrial water treatment and international aid.
	Special Responsibilities	Deputy Chair (from December 2017), Membership Committee member, Program Committee member
Barbara Deutschmann	Qualifications	BA, DipEd, MTh
	Experience	Board Member since November 2016. Currently completing a PhD in Theology. Former coordinator of TEAR's Fieldworker and Indigenous support programs.
	Special Responsibilities	Membership Committee member, Governance Committee member
Brett Gresham	Qualifications	B.Eng (Civ), M.Lit. Dev Stud.
	Experience	Board Member since 2010. Background in international development and project management. Former TEAR fieldworker in Afghanistan.
	Special Responsibilities	Program Committee Chair
Graham Hall	Qualifications	B. Bus, CPA, GAICD
	Experience	Board Member since May 2017. General Manager, Corporate Services, at BaptistCare. Previously worked as Chief Financial Officer in a listed financial services organisation.
	Special Responsibilities	Assurance Committee member
Joanna Lee	Qualifications	BSc (Hons I), BA (Geography and Economics), MSocSc(IntlDev)
	Experience	Board Member since Nov 2017. Works in Mission and growth in the Churches of Christ. Previous roles include Environmental Consultant at GHD, Assistant at Micah Global and TEAR Associate
	Special Responsibilities	Program Committee member
Matthew Maury	Qualifications	BA (Hons), MBA (Dev Studies), GAICD
	Experience	Board Member since 2009. TEAR Australia's National Director. 20 years experience with Christian development agencies.
	Special Responsibilities	Assurance Committee member, Governance Committee member, Membership Committee member
Barry Morris	Qualifications	Dip Tech (Comm); FCA
	Experience	Board member since 2016. Previous Chief Financial Officer at Bible Society Australia. Fellow of Chartered Accountants Australia and New Zealand.
	Special Responsibilities	Assurance Committee Chair

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## Information on Directors (continued)

Peter Noble

Qualifications BA LLB (UQ), MIntl & Community Dev (DU)  
Experience Board Member since 2014. Executive Director, Services and Innovation, at Victoria Legal Aid (Bendigo).  
Special Responsibilities Board Deputy Chair (up to and including Nov 2017), Membership Committee Chair, Assurance Committee member

Joanna Watts

Qualifications BA (Hons), PG Cert (Higher Education Administration)  
Experience Board member since 2015. Director of Operations in the University of Melbourne Advancement Office. Former Associate Director of Services and Support at La Trobe University.  
Special Responsibilities Governance Committee Chair

## Meetings of Directors

During the financial year five meetings of directors were held. Attendances of each director were as follows:

Name	Number eligible to attend	Number attended
Joanna Betteridge (Chair)	5	5
Peter Snowsill (Deputy Chair)	5	5
Barbara Deutschmann	5	4
Brett Gresham	5	5
Graham Hall	5	5
Joanna Lee	3	3
Matthew Maury	5	5
Barry Morris	5	4
Peter Noble	5	5
Joanna Watts	5	4

## Members Guarantee

The company was incorporated under the Corporations Act 2001 on 12 December 2012 as a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2018 the total amount that members of the company are liable to contribute if the company is wound up is \$121. (2017: \$122).

## Auditors Independence Declaration

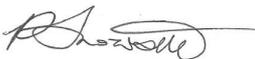
The auditors independence declaration for the year ended 30 June 2018 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Members of the Board:



Board member: .....

Joanna Betteridge (Chair)



Board member: .....

Peter Snowsill (Deputy Chair)

Dated: 19 September 2018

## TEAR Australia

ABN 85 085 413 832

### Auditor's Independence Declaration under Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of TEAR Australia

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commissions Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Saward Dawson



Jeffrey Tulk  
Partner  
Date: 19 September 2018

Blackburn, VIC

# TEAR Australia

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## Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
<b>REVENUE</b>		
<b>Operating Activities</b>		
Donations and Gifts		
Monetary	9,255,047	10,278,251
Non monetary	13 207,955	276,489
Bequests and legacies	382,220	843,819
DFAT Grants	4,351,646	5,104,700
Other income	55,072	35,971
<b>Non-operating Activities</b>		
Investment income	237,019	233,729
<b>Total Revenue</b>	<b>14,488,959</b>	<b>16,772,959</b>
Funds to international programs	(9,571,261)	(11,336,088)
Domestic programs expenditure	(205,205)	(243,475)
Program support costs	(1,493,461)	(1,453,718)
Community education	(1,829,861)	(1,839,289)
Fundraising costs		
Public	(1,110,752)	(858,597)
Government	(17,400)	(39,096)
Accountability and administration	(768,200)	(944,600)
Non-monetary expenditure	13 (207,955)	(276,489)
<b>Total expenses</b>	<b>(15,204,095)</b>	<b>(16,991,352)</b>
<b>Deficit for the year</b>	<b>(715,136)</b>	<b>(218,393)</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
- Net Gains/(losses) on Revaluation of Property, Plant and Equipment	-	444,323
Changes to Unrealised Gain/(Loss) on Foreign Exchange Contracts		
- Current year Gains/(Losses)	279,610	(496,375)
- Reclassified to Profit and Loss	496,375	173,985
<b>Other comprehensive income</b>	<b>775,985</b>	<b>121,933</b>
<b>Total comprehensive income for the year</b>	<b>60,849</b>	<b>(96,460)</b>

The accompanying notes form part of these financial statements.

# TEAR Australia

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## Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	4,362,617	4,469,911
Trade and other receivables	4	81,153	77,682
Inventories	5	-	6,655
Financial assets	6	2,070,491	2,512,223
Other assets	8	315,840	62,190
<b>Total current assets</b>		<b>6,830,101</b>	<b>7,128,661</b>
<b>Non-current assets</b>			
Financial assets	6	1,370,101	1,266,787
Property, plant and equipment	7	3,083,253	3,005,890
<b>Total non-current assets</b>		<b>4,453,354</b>	<b>4,272,677</b>
<b>TOTAL ASSETS</b>		<b>11,283,455</b>	<b>11,401,338</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	297,120	701,379
Short-term provisions	10	572,114	562,014
Other current liabilities	11	242,584	-
<b>Total current liabilities</b>		<b>1,111,818</b>	<b>1,263,393</b>
<b>Non-current liabilities</b>			
Other long-term provisions	10	59,849	87,006
<b>Total non-current liabilities</b>		<b>59,849</b>	<b>87,006</b>
<b>TOTAL LIABILITIES</b>		<b>1,171,667</b>	<b>1,350,399</b>
<b>NET ASSETS</b>		<b>10,111,788</b>	<b>10,050,939</b>
<b>EQUITY</b>			
Property revaluation reserve	12	844,323	844,323
Foreign currency reserve	12	279,610	(496,375)
Designated funds reserve	12	101,539	396,809
Committed funds reserve	12	8,886,316	9,306,182
Retained surpluses		-	-
<b>TOTAL EQUITY</b>		<b>10,111,788</b>	<b>10,050,939</b>

The accompanying notes form part of these financial statements.

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## Statement of Changes in Equity

For the Year Ended 30 June 2018

**2018**

	Retained Surpluses	Property Revaluation Reserve	Foreign Currency Reserve	Designated Funds Reserve	Committed Funds Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	-	844,323	(496,375)	396,809	9,306,182	10,050,939
<b>Comprehensive income</b>						
Deficit for the year	(715,136)	-	-	-	-	(715,136)
<b>Other comprehensive income for the year</b>						
Net unrealised gains on Foreign Exchange Contracts	-	-	775,985	-	-	775,985
<b>Total comprehensive income for the year</b>	<b>(715,136)</b>	<b>-</b>	<b>775,985</b>	<b>-</b>	<b>-</b>	<b>60,849</b>
<b>Transfers to and from reserves</b>						
- Committed Funds Reserve/ Designated Funds Reserve	715,136	-	-	(295,270)	(419,866)	-
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>844,323</b>	<b>279,610</b>	<b>101,539</b>	<b>8,886,316</b>	<b>10,111,788</b>

The accompanying notes form part of these financial statements.

# TEAR Australia

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## Statement of Changes in Equity

For the Year Ended 30 June 2018

**2017**

	<b>Retained Surpluses</b>	<b>Property Revaluation Reserve</b>	<b>Foreign Currency Reserve</b>	<b>Designated Funds Reserve</b>	<b>Committed Funds Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2016	-	400,000	(173,985)	599,090	9,322,294	10,147,399
<b>Comprehensive income</b>						
Deficit for the year	(218,393)	-	-	-	-	(218,393)
<b>Other comprehensive income for the year</b>						
Net Fair Value gains on revaluation of Property, Plant and Equipment	-	444,323	-	-	-	444,323
Net unrealised losses on Foreign Exchange Contracts	-	-	(322,390)	-	-	(322,390)
<b>Total comprehensive income for the year</b>	<b>(218,393)</b>	<b>444,323</b>	<b>(322,390)</b>	<b>-</b>	<b>-</b>	<b>(96,460)</b>
<b>Transfers to and from reserves</b>						
- Committed Funds Reserve/ Designated Funds Reserve	218,393	-	-	(202,281)	(16,112)	-
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>844,323</b>	<b>(496,375)</b>	<b>396,809</b>	<b>9,306,182</b>	<b>10,050,939</b>

The accompanying notes form part of these financial statements.

# TEAR Australia

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## Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b>CASH FROM OPERATING ACTIVITIES:</b>		
Donations received	9,255,047	10,278,251
Bequests and legacies received	382,220	843,819
Operating grants received	5,053,653	5,615,170
Other income received	40,253	30,228
Payments to suppliers and employees	(5,511,487)	(5,446,768)
Distribution to overseas partners and fieldworkers	(9,776,466)	(11,579,563)
Interest and dividends received	158,474	155,550
<b>Net cash provided by (used in) operating activities</b>	<b>(398,306)</b>	<b>(103,313)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for investments	(251,915)	(153,106)
Proceeds from sale of investments	232,190	140,809
Redemption/ (placement) of held-to-maturity financial assets	441,732	(984,043)
Purchase of property, plant and equipment	(134,579)	(64,480)
Proceeds from sale of property, plant and equipment	3,584	2,013
<b>Net cash used by investing activities</b>	<b>291,012</b>	<b>(1,058,807)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<b>(107,294)</b>	<b>(1,162,120)</b>
Cash and cash equivalents at beginning of year	4,469,911	5,632,031
<b>Cash and cash equivalents at end of financial year</b>	<b>4,362,617</b>	<b>4,469,911</b>
3		

The accompanying notes form part of these financial statements.

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Act 2012. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

These financial statements are presented in Australian Dollars, which is the Company's functional currency.

The company operates its overseas development and aid activities through the TEAR Fund (Australia) Developing Countries Aid Fund.

The financial statements were authorised for issue on the same date that the directors' declaration was signed.

#### (b) Australian Council for International Development

The company is a registered member with the Australian Council for International Development (ACFID) and the financial statements are prepared 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 Implementation Guide available at [www.acfid.asn.au](http://www.acfid.asn.au)

#### (c) Income Tax

No current or deferred income tax assets or liabilities have been raised by the Company as it is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. The Company is a registered charity under the Australian Charities and Not-for-profits Commission Act 2012.

#### (d) Inventories

Inventories are measured at the lower of cost and net realisable value.

#### (e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, accumulated depreciation and impairment losses.

Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the property revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (e) Property, Plant and Equipment

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

#### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised in the statement of profit and loss.

A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and Equipment contributed at no or nominal cost are valued and recognised at the fair value of the asset on the date it was acquired.

#### Depreciation

The depreciable amount of all fixed assets (excluding freehold land), is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Office furniture and equipment	5-17%
Computer systems	25-34%
Motor vehicles	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Income and Expenditure and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surpluses.

#### Revaluation Model

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

#### (f) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (g) Financial instruments

The Company has elected to apply AASB 9 Financial Instruments as issued in December 2014 with comparative figures being restated.

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in the Statement of Income and Expenditure and Other Comprehensive Income.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

##### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

##### *(ii) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

##### *(ii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

##### *(iv) Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

##### *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (g) Financial instruments

##### *Derecognition*

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (h) Employee Benefits

##### **Short-term employee benefits**

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

##### **Long-term employee benefits**

The Company classifies employees' long service leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

##### **Defined contribution superannuation benefits**

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 12% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held-at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### (j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### (k) Revenue and Other Income

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby conditions are attached to the grant, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Volunteer services income is recognised when received, and when the fair value of those services can be reliably measured.

All revenue is stated net of the amount of goods and services tax (GST).

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (l) Trade payables

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### (m) Foreign exchange gains/losses

The Company incurred gains and losses on foreign exchange through both the revaluation of foreign currencies held as assets at 30 June 2018 and on payments made in foreign currency. All realised gains or losses are recorded in the Statement of Income and Expenditure and Other Comprehensive Income at date of transaction, gains or losses on assets held are recorded respectively as an income or expense transactions are included respectively as a reduction or increase in the transaction value item, gains or losses on and accounted for with the original transaction.

The company uses forward purchasing contracts to assist with planning overseas commitment levels and to insulate against currency downturns.

The unrealised gains or losses on open contracts at year end are held in equity reserves.

#### (n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The board have decided against early adoption of these Standards (with the exception of AASB 9, refer to further details in Note 1(o)), but does not expect the adoption of these standards to have a material impact on the reported position or performance of the Company.

#### (o) Adoption of new and revised accounting standards

The Company has elected to early-adopt AASB 9 Financial Instruments, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Under this new standard, the Company has made an irrevocable election at initial recognition for financial assets (equity instruments) to be measured at fair value through the Statement of Income and Expenditure and Other Comprehensive Income.

The accounting policies were changed to comply with AASB 9. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB also significantly amends other standards dealing with financial instruments such as AASB 7 Financial Instruments: Disclosures.

Comparatives have been retrospectively restated in accordance with the application of this standard. This change increased the net surplus in the prior period by \$59,817. Total comprehensive income and net assets were not impacted.

# TEAR Australia

ABN 85 085 413 832

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 2 Key Management Personnel Disclosures

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. The Key Management Personnel during the year were:

Matthew Maury	National Director
James Burnet	Chief Financial Officer
Ashley Humphreys	Finance Director
Paul Flavel	Australian Program Coordinator
Jo Knight (0.7 EFT)	Advocacy Coordinator
Phil Lindsay	Acting International Program Coordinator (to Dec 2017)
Kelly Rae	South Asia Regional Team Leader
Susan Vulling (0.6 EFT)	Human Resources Coordinator
Phil Wilkerson	International Program Coordinator (from Dec 2017)

The total remuneration paid to key management personnel of the Company is \$ 769,327 (2017: \$ 646,360).

### 3 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	4,155	3,455
Cash at bank	4,358,462	4,466,456
Total cash and cash equivalents	<u>4,362,617</u>	<u>4,469,911</u>

### 4 Trade and other receivables

#### CURRENT

Debtors	45,761	47,943
Franking credits receivable	10,263	13,125
GST receivable	25,129	16,614
Total receivables	<u>81,153</u>	<u>77,682</u>

#### Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. There are no indicators of impairment on receivables at year end and no provision for doubtful debts has been raised.

### 5 Inventories

Inventories at cost	<u>-</u>	<u>6,655</u>
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# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 6 Financial Assets

	2018	2017
	\$	\$
CURRENT		
Held-to-maturity financial assets (Term deposits)	<u>2,070,491</u>	<u>2,512,223</u>
NON-CURRENT		
<b>Financial assets at fair value through profit or loss</b>		
- Listed shares	891,003	787,422
- Convertible preference shares and hybrids	<u>479,098</u>	<u>479,365</u>
Total non-current assets	<u>1,370,101</u>	<u>1,266,787</u>

### 7 Property, Plant and Equipment

Freehold land & building		
At independent valuation	2,941,797	2,941,797
Accumulated depreciation	<u>(25,694)</u>	<u>(7,076)</u>
Total land and buildings	<u>2,916,103</u>	<u>2,934,721</u>
Motor vehicles		
At cost	23,855	23,855
Accumulated depreciation	<u>(23,855)</u>	<u>(23,855)</u>
Total motor vehicles	<u>-</u>	<u>-</u>
Office furniture and equipment		
At cost	156,956	155,337
Accumulated depreciation	<u>(140,849)</u>	<u>(127,073)</u>
Total office equipment	<u>16,107</u>	<u>28,264</u>
Computer equipment		
At cost	498,209	365,248
Accumulated depreciation	<u>(347,166)</u>	<u>(322,343)</u>
Total computer equipment	<u>151,043</u>	<u>42,905</u>
<b>Total property, plant and equipment</b>	<u>3,083,253</u>	<u>3,005,890</u>

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 7 Property, Plant and Equipment

#### Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Motor vehicles	Office furniture and equipment	Computer Equipment	Total
	\$	\$	\$	\$	\$
Carrying amount as at 1 July 2017	2,934,721	-	28,264	42,905	3,005,890
Additions	-	-	1,618	132,961	134,579
Depreciation expense	(18,618)	-	(13,775)	(24,823)	(57,216)
<b>Carrying amount as at 30 June 2018</b>	<b>2,916,103</b>	<b>-</b>	<b>16,107</b>	<b>151,043</b>	<b>3,083,253</b>

# TEAR Australia

ABN 85 085 413 832

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 8 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	36,230	62,190
Unrealised foreign currency gains	(a) 279,610	-
	<u>315,840</u>	<u>62,190</u>

#### (a) Unrealised foreign currency gains/losses

The Company forward purchases US dollars and at balance day has open contracts requiring re-valuation at year end. In financial year 2018 with weaker exchange rates unrealised gains were booked as an asset. See Note 12.

### 9 Trade and other payables

CURRENT		
Trade and other payables (excluding conference funds received in advance and unrealised foreign currency losses)	164,890	93,214
Current tax liability	34,276	33,398
Conference funds received in advance	97,954	77,454
Unrealised foreign currency losses	8(a) -	496,375
Other payables	-	938
	<u>297,120</u>	<u>701,379</u>

### 10 Provisions

CURRENT		
Employee benefits	(572,114)	(562,014)
NON-CURRENT		
Employee benefits	(59,849)	(87,006)

### 11 Other Liabilities

CURRENT		
Deferred DFAT Grants	1(k) 242,584	-

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 12 Reserves

#### Property Revaluation Reserve

The Property Revaluation Reserve records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, amounts may be shifted to the income statement.

#### Foreign Currency Reserve

The Foreign Currency Reserve holds movements in currency valuations as at balance date for outstanding Forward Exchange Contracts designated as hedges.

#### Committed Funds Reserve

TEAR Australia has moral funding commitments to implementing partners for aid and development projects over the coming years that are in excess of the current reserves of \$8,886,316 therefore TEAR continues to be reliant on future donations from supporters to fulfil these commitments.

#### Designated Funds Reserve

The Designated Funds Reserve includes donations received for specific projects that have not been expended as at 30 June 2018. Donations received for specific projects but not expended as at 30 June 2018 amounted to \$101,539 (2017: \$396,809). This figure includes \$25,361 (2017: \$264,390) for the East Africa Appeal, \$52,578 (2017: \$97,055) received for the Vanuatu Cyclone and \$23,600 (2017: \$0) for the Rohingya Refugee Appeal. These funds will be distributed for rehabilitation work to field partners as per project budget timetables.

#### Retained Surpluses

For improved disclosure, Retained Surpluses are segregated into separate reserves. The balance of retained earnings is shown under Retained Surpluses. As the balance of equity is absorbed into the Committed Funds Reserve, the Retained Surplus is nil.

### 13 Donated volunteer services

The Company receives donated services from volunteers. Where the fair value of the non-monetary donation is reasonably determinable, the revenue and corresponding expense are recognised when the non-monetary donation is received. Volunteer services are valued based on guidelines received from the Department of Foreign Affairs and Trade. The company implemented appropriate systems to reliably measure donated services in the current year. During the year, the total volunteer services received were valued at \$207,955 Of this amount \$179,616 is classified as community education expenditure and \$28,338 is classified as program support costs.

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 14 Capital and Leasing Commitments

#### Operating Leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	7,535	8,220
- between one year and five years	-	7,535
	<u>7,535</u>	<u>15,755</u>

The lease commitment is a non-cancellable operating lease for photocopiers contracted for but not capitalised in the financial statements with a five-year term. Increases in lease commitments may occur in line with the consumer price index (CPI). The lease has been active from 1 June 2014.

### 15 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

#### Financial Assets

Cash and cash equivalents	3	4,362,617	4,469,911
Trade and other receivables	4	56,023	61,069
Held-to-maturity investments	6	2,070,491	2,512,223
Financial assets at fair value through profit or loss	6	1,370,101	1,266,787
<b>Total financial assets</b>		<u>7,859,232</u>	<u>8,309,990</u>

#### Financial Liabilities

Trade and other payables (excluding conference funds received in advance and unrealised foreign currency losses)	9	199,166	127,549
<b>Total financial liabilities</b>		<u>199,166</u>	<u>127,549</u>

# TEAR Australia

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 16 Fair Value Measurement

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

#### Recurring Fair Value Measurements

	2018	2017
	\$	\$
<b>Financial Assets</b>		
Financial assets at fair value through profit or loss		
- Shares in listed corporations	891,003	787,426
- Convertible preference shares and hybrids	479,098	479,365
<b>Property Plant and Equipment</b>		
- Freehold Land and Building	2,916,103	2,934,721

For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

For freehold land and buildings, the fair values are based on the external independent valuation performed in February 2017.

### 17 Events After the Reporting Period

There were no material events that occurred since the end of the reporting period.

### 18 Other Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the financial year no transactions were made to related parties, other than as disclosed in Note 2 Key Management Personnel Disclosures.

### 19 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingent liabilities at 30 June 2018 (30 June 2017: None).

### 20 Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the amount that members of the company are liable to contribute if the company is wound up is \$121 (2017: \$122).

# TEAR Australia

ABN 85 085 413 832

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 21 Additional information and declarations to be furnished under the Charitable Fundraising (NSW) Act 1991

#### Public fundraising appeals conducted during the financial year

General donations through: Useful Gifts catalogue, regular giving, major & general donations and emergency appeals.

	2018	2017
	\$	\$
Gross revenue from public activities	9,637,267	11,122,070
Non monetary donations and gifts	207,955	276,489
Less: public fundraising costs	(1,110,752)	(858,597)
<b>Net Public Funds</b>	<b>8,734,470</b>	<b>10,539,962</b>
Government grants	4,351,646	5,104,700
Less government fundraising costs	(17,400)	(39,096)
Net government grants	4,334,246	5,065,604
Other revenue	292,091	269,700
<b>Net funds raised</b>	<b>13,360,807</b>	<b>15,875,266</b>
Overseas project disbursements	(9,571,261)	(11,336,088)
Domestic project disbursements	(205,205)	(243,475)
Program support costs	(1,493,461)	(1,453,718)
Community Education costs	(1,829,861)	(1,839,289)
Non monetary expenditure	(207,955)	(276,489)
<b>Total funds distributed towards the objectives of the Company</b>	<b>(13,307,743)</b>	<b>(15,149,059)</b>
<b>Subtotal</b>	<b>53,064</b>	<b>726,207</b>
Accountability and administration expenses	(768,200)	(944,600)
<b>Surplus / (deficit) for the year</b>	<b>(715,136)</b>	<b>(218,393)</b>
<b>Percentages</b>		
	%	%
Total cost of public fundraising/gross public fundraising income	11.3	7.5
Surplus from public fundraising/gross public fundraising income	88.7	92.5
Funds disbursed towards objectives/total expenditure	87.5	89.1
Funds disbursed towards objectives/total revenue received	91.9	90.3

# TEAR Australia

ABN 85 085 413 832

## Directors' Declaration

The Directors of the Company declare that:

1. The financial report as set out on pages 5-23, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - (a) comply with applicable Australian Accounting Standards - Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position of TEAR Australia as at 30 June 2018 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that TEAR Australia will be able to pay its debts as and when they fall due.
3.
  - (a) The Statement of Income and Expenditure and Other Comprehensive Income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals for the financial year ended 30 June 2018, and
  - (b) The Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals as at 30 June 2018, and
  - (c) The provisions of the Charitable Fundraising Act (NSW) 1991, the regulations under the Act and the conditions attached to the authority have been complied with for the year ending 30 June 2018, and
  - (d) 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.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

  
Chair .....

  
Deputy Chair .....

Dated 19 September 2018

## TEAR Australia

ABN 85 085 413 832

### Independent Audit Report to the members of TEAR Australia

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the accompanying financial report of TEAR Australia (the Company), being a General Purpose - Reduced Disclosure Requirements financial report, which comprises the statement of financial position as at 30 June 2018, the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of 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 auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

##### Responsibilities of 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 related 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.

The directors of the Company are responsible for overseeing the Company's financial reporting process.

## TEAR Australia

ABN 85 085 413 832

### Independent Audit Report to the members of TEAR Australia

#### 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## TEAR Australia

ABN 85 085 413 832

### Independent Audit Report to the members of TEAR Australia

Report on the Requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2015

#### Opinion

We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991.

In our opinion:

- (i) the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;
- (ii) the accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulation;
- (iii) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulation; and
- (iv) at the date of this report, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

#### Auditor's Responsibilities

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 Regulation 2015.

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 abovementioned Act and Regulation 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.

Saward Dawson

Jeffrey Tulk  
Partner

Blackburn, VIC  
Dated: 19 September 2018