

TEAR Australia

ABN 85 085 413 832

Financial Statements

For the Year Ended 30 June 2019



chartered accountants

TEAR Australia

ABN 85 085 413 832

For the Year Ended 30 June 2019

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Directors' Report

For the Year Ended 30 June 2019

The Directors submit the financial report of TEAR Australia (the Company) for the financial year ended For the Year Ended 30 June 2019

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

Joanna Betteridge (Chair)	Chair until November 2018 (term finished Nov 2018)
Peter Snowsill (Chair/Deputy Chair)	Deputy Chair until Nov 2018; Chair from Nov 2018
Stephen Bevis	Elected Nov 2018
Barbara Deutschmann	
Brett Gresham	Term finished Nov 2018
Graham Hall	
Joanna Lee	
Peter Lochore	Elected Nov 2018
Hannah Kallady	Appointed Nov 2018
Matthew Maury (also CEO)	
Barry Morris	
Peter Noble	Term finished Nov 2018
Joanna Watts (Deputy Chair)	Deputy Chair since Nov 2018

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 targets and campaigns in partner countries.

The company's long-term objectives are to:

- Eliminate poverty and injustice in partner 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

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Information on Directors

Joanna Betteridge (*term ended in Nov 2018*)

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 Until Nov 2018: Board Chair, Governance Committee member

Stephen Bevis

Qualifications BA, PhD
Experience Board Members since November 2018. Minister of John Flynn Memorial Uniting Church, founding Director of Alice Springs Meeting Place Foundation Ltd. Former TEAR Australia staff member.
Special Responsibilities Governance Committee Member, Membership Committee Member

Peter Noble (*term ended in Nov 2018*)

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 Until Nov 2018: Membership Committee Chair, Assurance Committee member

Barbara Deutschmann

Qualifications BA, DipEd, MTh, PhD
Experience Board Member since November 2016. Holds a PhD in Theology with a special interest in gender and Hebrew Bible. Former coordinator of TEAR's Fieldworker and Indigenous support programs.
Special Responsibilities Program Committee Chair

Brett Gresham (*term ended in Nov 2018*)

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 Until Nov 2018: 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

Hannah Kallady

Qualifications BA, M Jnl
Experience Board Member since November 2018. Senior Digital Strategist at ntegrity, a leading digital strategy agency. Previous roles included Coordinating Editor for an online magazine.
Special Responsibilities Governance Committee member

Joanna Lee

Qualifications BSc (Hons I), BA (Geography and Economics), MSocSc(IntlDev)
Experience Board Member since Nov 2017. Project manager within Churches of Christ in Queensland. Previously GHD Environmental Consultant, Micah Global Assistant and TEAR Associate Fieldworker.
Special Responsibilities Membership Committee Chair, Program Committee member

Peter Lochore

Qualifications BA, LLB (1st Hons), Grad Dip Bus Law, LLM
Experience Board Member since November 2018. Experienced dispute-resolution lawyer with a public (government) law background. Previously worked for the State of WA in its Crown (State) Solicitor's Office.
Special Responsibilities Assurance Committee member

Matthew Maury

Qualifications BA (Hons), MBA (Dev Studies), GAICD
Experience Board Member since 2009. TEAR Australia's Chief Executive Officer. Over 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 April 2016. Previous Chief Financial Officer and currently on the Board of Directors at Bible Society Australia. Fellow at The Institute of Chartered Accountants in Australia.
Special Responsibilities Assurance Committee Chair

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Information on Directors (continued)

Peter Snowsill

Qualifications	BE (Hons), MAICD
Experience	Board member since 2015. Chemical Engineer with governance, management and project expertise in technology development, water treatment, renewable energy and international aid.
Special Responsibilities	Board Chair (from November 2018), Deputy Chair (until Nov 2018), Program 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	Deputy Chair (from November 2018), Governance Committee Chair

Meetings of Directors

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

Name	Number attended	Number eligible to attend
Joanna Betteridge (Chair until Nov 2018)	4	4
Stephen Bevis	3	3
Peter Noble	2	4
Barbara Deutschmann	6	6
Brett Gresham	2	4
Graham Hall	5	6
Hannah Kallady	3	3
Joanna Lee	6	6
Peter Lochore	3	3
Matthew Maury	6	6
Barry Morris	6	6
Peter Snowsill (Dep. Chair then Chair from Nov 2018)	6	6
Joanna Watts (Deputy Chair from Nov 2018)	5	6

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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 2019 the total amount that members of the company are liable to contribute if the company is wound up is \$130. (2018: \$122).

Auditors Independence Declaration

The auditors independence declaration for the year ended 30 June 2019 has been received and can be found on page 5 of the financial report.

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



Board member:

Peter Snowsill (Chair)



Board member:

Joanna Watts (Deputy Chair)

Dated: 18 September 2019

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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 2019, 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: 18 September 2019

Blackburn, VIC

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Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 30 June 2019

		2019	2018
		\$	\$
REVENUE			
Operating Activities			
Donations and Gifts			
Monetary		9,454,064	9,255,047
Non monetary	15	185,786	207,955
Bequests and legacies		133,004	382,220
DFAT Grants	13	4,462,301	4,351,646
Other income	4	364,253	193,243
Non-operating Activities			
Investment income		363,625	237,019
Total Revenue		14,963,033	14,627,130
EXPENSES			
Funds to international programs		(8,707,426)	(9,571,261)
Domestic programs expenditure		(279,105)	(205,205)
Program support costs		(1,561,786)	(1,493,461)
Community education		(2,080,604)	(1,968,032)
Fundraising costs			
Public		(1,170,921)	(1,110,752)
Government		(17,515)	(17,400)
Accountability and administration		(921,427)	(768,200)
Non-monetary expenditure	15	(185,786)	(207,955)
Total expenses		(14,924,570)	(15,342,266)
Surplus/(deficit) for the year		38,463	(715,136)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
- Net Movements in Unrealised Gain/(Loss) on Foreign Exchange Contracts		141,152	775,985
Other comprehensive income		141,152	775,985
Total comprehensive income for the year		179,615	60,849

The accompanying notes form part of these financial statements.

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Statement of Financial Position

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	2,259,413	4,362,617
Trade and other receivables	6	196,979	81,153
Financial assets	7	-	2,070,491
Other assets	10	502,339	315,840
Total current assets		2,958,731	6,830,101
Non-current assets			
Financial assets	7	5,242,594	1,370,101
Property, plant and equipment	8	2,958,257	2,961,519
Intangible assets	9	215,210	121,734
Total non-current assets		8,416,061	4,453,354
TOTAL ASSETS		11,374,792	11,283,455
LIABILITIES			
Current liabilities			
Trade and other payables	11	298,919	297,120
Short-term provisions	12	724,573	572,114
Other current liabilities	13	-	242,584
Total current liabilities		1,023,492	1,111,818
Non-current liabilities			
Other long-term provisions	12	59,897	59,849
Total non-current liabilities		59,897	59,849
TOTAL LIABILITIES		1,083,389	1,171,667
NET ASSETS		10,291,403	10,111,788
EQUITY			
Property revaluation reserve	14	844,323	844,323
Foreign currency reserve	14	420,762	279,610
Designated funds reserve	14	198,966	101,539
Committed funds reserve	14	8,827,352	8,886,316
Retained surpluses		-	-
TOTAL EQUITY		10,291,403	10,111,788

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Property Revaluation Reserve	Foreign Currency Reserve	Designated Funds Reserve	Committed Funds Reserve	Retained Surpluses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	844,323	279,610	101,539	8,886,316	-	10,111,788
Comprehensive income						
Surplus for the year	-	-	-	-	38,463	38,463
Other comprehensive income for the year						
Net unrealised gains on Foreign Exchange Contracts	-	141,152	-	-	-	141,152
Total comprehensive income for the year						
	-	141,152	-	-	38,463	179,615
Transfers to and from reserves						
- Committed Funds Reserve/ Designated Funds Reserve	-	-	97,427	(58,964)	(38,463)	-
Balance at 30 June 2019	844,323	420,762	198,966	8,827,352	-	10,291,403

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2019

2018

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

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FROM OPERATING ACTIVITIES:			
Donations received		9,454,063	9,255,047
Bequests and legacies received		133,004	382,220
Operating grants received		4,908,531	5,053,653
Other income received		369,754	40,253
Payments to suppliers and employees		(6,231,180)	(5,511,487)
Distribution to overseas and domestic project partners		(8,986,531)	(9,776,466)
Interest and dividends received		123,680	158,474
Net cash provided by (used in) operating activities		(228,679)	(398,306)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for investments		(4,189,746)	(251,915)
Proceeds from sale of investments		416,843	232,190
Redemption/ (placement) of amortised cost financial assets		2,070,491	441,732
Purchase of property, plant and equipment		(172,437)	(134,579)
Proceeds from sale of property, plant and equipment		324	3,584
Net cash used by investing activities		(1,874,525)	291,012
Net increase (decrease) in cash and cash equivalents held		(2,103,204)	(107,294)
Cash and cash equivalents at beginning of year		4,362,617	4,469,911
Cash and cash equivalents at end of financial year	5	2,259,413	4,362,617

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

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 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

(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) 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 will conduct an assessment 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 2019

1 Summary of Significant Accounting Policies

(d) 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.

(e) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(f) Financial instruments

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 that are held within a different business model other than 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedging accounting requirements apply.

(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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(f) Financial instruments

Initial recognition and measurement

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.

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.

(g) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(h) 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.

(i) 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.

(j) 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).

(k) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(l) 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 2019 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.

(m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. In 2018, income from Justice Conference was recorded net of expenses. This year, a retrospective adjustment has been made to gross up both income and expenditure from the conference. The impact of this change is an increase of \$138,171 to both 'Other income' and 'Community Education' expense in the 2018 Statement of Income and Expenditure and Other Comprehensive Income.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

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	Chief Executive Officer
James Burnet	Chief Financial Officer and Company Secretary
Ashley Humphreys	Finance Director
Paul Flavel	Australian Program Director
Jo Knight (0.7 EFT)	Advocacy Director
Kelly Rae	South Asia Regional Team Leader
Susan Vulling (0.6 EFT)	People at TEAR Director (left Dec 2018)
Phil Wilkerson	International Program Director
Karen Naylor	People and Culture Director (commenced Jan 2019)

The total remuneration paid to key management personnel of the Company is \$ 851,016 (2018: \$ 841,314).

3 Surplus/(Deficit) from Ordinary Activities

	2019	2018
	\$	\$
Employee benefits expense	3,950,167	3,452,185
Depreciation and amortisation	82,221	57,216
Rental expense on operating leases	19,482	32,099

4 Other Income

- Justice Conference income	271,741	138,171
- Other income	92,512	55,072
	<u>364,253</u>	<u>193,243</u>

5 Cash and Cash Equivalents

Cash on hand	4,980	4,155
Cash at bank	2,254,433	4,358,462
Total cash and cash equivalents	<u>2,259,413</u>	<u>4,362,617</u>

TEAR Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Debtors	69,995	45,761
Justice conference receivable	112,153	10,263
GST receivable	14,831	25,129
Total receivables	<u>196,979</u>	<u>81,153</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.

7 Financial Assets

CURRENT

Amortised costs financial assets (Term deposits)	-	<u>2,070,491</u>
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NON-CURRENT

Financial assets at fair value through profit or loss

- Australian and international equities	1,422,551	891,003
- Tradeable fixed interest and hybrid securities	(a) <u>3,820,043</u>	479,098
Total non-current assets	<u>5,242,594</u>	<u>1,370,101</u>

(a) These investments are managed by JB Were. Cash holdings in JB Were amounting to \$459,900 are disclosed under cash and cash equivalents.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Property, Plant and Equipment

	2019	2018
	\$	\$
Freehold land & building		
At independent valuation	2,941,797	2,941,797
Accumulated depreciation	(44,313)	(25,694)
Total land and buildings	2,897,484	2,916,103
Motor vehicles		
At cost	-	23,855
Accumulated depreciation	-	(23,855)
Total motor vehicles	-	-
Office furniture and equipment		
At cost	162,072	156,956
Accumulated depreciation	(148,549)	(140,849)
Total office equipment	13,523	16,107
Computer equipment		
Computer Equipment	216,324	178,525
Accumulated depreciation	(169,074)	(149,215)
Total computer equipment	47,250	29,310
Total property, plant and equipment	2,958,257	2,961,520

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	Office furniture and equipment	Computer Equipment	Total
	\$	\$	\$	\$
Carrying amount as at 1 July 2018	2,916,103	16,107	29,310	2,961,520
Additions	-	5,117	37,798	42,915
Depreciation expense	(18,619)	(7,701)	(19,858)	(46,178)
Carrying amount as at 30 June 2019	2,897,484	13,523	47,250	2,958,257

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Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Intangible Assets

	2019	2018
	\$	\$
Computer software - at cost	449,204	319,684
Accumulated amortisation	(233,994)	(197,950)
Net carrying value	<u>215,210</u>	<u>121,734</u>

Movements in carrying amount

	Computer Software
	\$
Carrying amount at 1 July 2018	121,734
Additions	129,520
Amortisation expense	(36,044)
Carrying amount as at 30 June 2019	<u>215,210</u>

10 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	81,577	36,230
Unrealised foreign currency gains	(a) 420,762	279,610
	<u>502,339</u>	<u>315,840</u>

(a) Unrealised foreign currency gains/losses

The Company forward purchases US dollars and at balance date has open contracts requiring re-valuation at year end. In financial year 2019 with weaker exchange rates unrealised gains were booked as an asset. See Note 14.

11 Trade and other payables

CURRENT		
Trade and other payables	106,195	164,890
Payable ATO	45,359	34,276
Conference funds received in advance	147,365	97,954
	<u>298,919</u>	<u>297,120</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Provisions

	2019	2018
	\$	\$
CURRENT		
Employee benefits	<u>724,573</u>	<u>572,114</u>
NON-CURRENT		
Employee benefits	<u>59,897</u>	<u>59,849</u>

13 Other Liabilities

CURRENT

Deferred DFAT Grants	1(j) -	<u>242,584</u>
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14 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 \$8,827,352 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 2019 amounting to \$198,966 (2018: \$101,539). The opening balance of \$101,539 was disbursed during the year. The closing balance is made up of \$105,414 for the Cyclone Idai response in Mozambique and \$93,552 for the Sulawesi Earthquake and Tsunami response in Indonesia. These funds will be disbursed 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.

TEAR Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2019

15 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 has appropriate systems to reliably measure donated services. During the year, the total volunteer services received were valued at \$185,786. Of this amount \$163,825 is classified as community education expenditure and \$21,961 is classified as program support costs.

16 Capital and Leasing Commitments

Operating Leases

	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	7,535
	<u>-</u>	<u>7,535</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 and concluded on 1 June 2019, with no further renewal.

17 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	5	2,259,413	4,362,617
Trade and other receivables	6	182,148	56,023
Amortised-cost investments	7	-	2,070,491
Financial assets at fair value through profit or loss	7	5,242,594	1,370,101
Total financial assets		<u>7,684,155</u>	<u>7,859,232</u>

Financial Liabilities

Trade and other payables (excluding conference funds received in advance and unrealised foreign currency losses)	11	152,274	199,166
Total financial liabilities		<u>152,274</u>	<u>199,166</u>

TEAR Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2019

18 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

	2019	2018
	\$	\$
Financial Assets		
Financial assets at fair value through profit or loss		
- Australian and international equities	1,422,551	891,003
- Tradeable fixed interest and hybrid securities	3,820,043	479,098
Property Plant and Equipment		
- Freehold Land and Building	2,897,484	2,916,103

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.

19 Events After the Reporting Period

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

20 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.

21 Contingent Liabilities

In the opinion of the Directors, the Company had \$nil contingent liabilities at 30 June 2019 (30 June 2018: \$nil).

22 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 outstanding obligations of the Company. At 30 June 2019 the amount that members of the company are liable to contribute if the company is wound up is \$130 (2018: \$122).

TEAR Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2019

23 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.

	2019	2018
	\$	\$
Gross revenue from public activities	9,587,068	9,637,267
Non monetary donations and gifts	185,786	207,955
Less: public fundraising costs	(1,170,921)	(1,110,752)
Net Public Funds	8,601,933	8,734,470
Government grants	4,462,301	4,351,646
Less government fundraising costs	(17,515)	(17,400)
Net government grants	4,444,786	4,334,246
Other revenue	727,878	430,262
Net funds raised	13,774,597	13,498,978
Overseas project disbursements	8,707,426	9,571,261
Domestic project disbursements	279,105	205,205
Program support costs	1,561,786	1,493,461
Community Education costs	2,080,604	1,968,032
Non monetary expenditure	185,786	207,955
Total funds distributed towards the objectives of the Company	12,814,707	13,445,914
Subtotal	959,890	53,064
Accountability and administration expenses	921,427	768,200
Surplus / (deficit) for the year	38,463	(715,136)

Percentages

	%	%
Total cost of public fundraising/gross public fundraising income	12	11
Surplus from public fundraising/gross public fundraising income	88	89
Funds disbursed towards objectives/total expenditure	86	88
Funds disbursed towards objectives/total revenue received	86	92

TEAR Australia

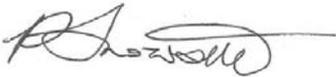
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Directors' Declaration

The Directors of the Company declare that:

1. The financial report as set out on pages 6-24, 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 2019 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 2019, 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 2019, 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 2019, 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 18 September 2019

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 2019, 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 2019 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

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn, VIC

Dated: 18 September 2019