

TEAR Australia

ABN 85 085 413 832

Financial Statements

For the Financial Year Ended 30 June 2020



TEAR Australia

For the Financial Year Ended 30 June 2020

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Financial Statements | |
| Director's report | 1 |
| Auditor's Independence Declaration under Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 | 4 |
| Statement of Income and Expenditure and Other Comprehensive Income | 5 |
| Statement of Financial Position | 6 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 10 |
| Notes to the Financial Statements | 11 |
| Directors' Declaration | 28 |
| Independent Audit Report | 29 |

TEAR Australia

Directors' Report

For the Financial Year Ended 30 June 2020

The Directors submit the financial report of TEAR Australia (the Company) for the financial year ended 30 June 2020.

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

| | |
|-----------------------------|------------------------|
| Stephen Bevis | |
| Douglas Crocket | Appointed Nov 2019 |
| Barbara Deutschmann | |
| Graham Hall | |
| Hannah Kallady | |
| Joanna Lee | |
| Peter Lochore | |
| Matthew Maury (CEO) | |
| Barry Morris | Term finished Nov 2019 |
| Peter Snowsill (Chair) | |
| Joanna Watts (Deputy Chair) | |

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:

- Partner with local Christian partners to overcome poverty and injustice through the support of local community development projects;
- Inform, challenge and empower Australian Christians to respond in biblically shaped ways to poverty and injustice;
- Advocate to change systems which perpetuate poverty and injustice issues.

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;
- Working for climate justice through supporter engagement and advocacy (political and corporate);
- 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

Information on Directors

Stephen Bevis

Qualifications BA, PhD
Experience Board Member 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

Douglas Crocket (*term commenced Nov 2019*)

Qualifications BE (Electrical)
Experience Board member since November 2019. Extensive operational and strategic leadership in various sectors including NFP. Previous Administrator for the St Hilary's Network Anglican Church.
Special Responsibilities Assurance Committee member, Impact Investment Committee member

Barbara Deutschmann

Qualifications BA, DipEd, 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

Graham Hall

Qualifications B. Bus, CPA, GAICD
Experience Board Member since May 2017. General Manager, Corporate Strategy, at BaptistCare. Previously worked as Chief Financial Officer in a listed financial services organisation.
Special Responsibilities Assurance Committee Chair, Impact Investment Committee Chair

Hannah Kallady

Qualifications BA, M Jnl
Experience Board Member since November 2018. Senior Digital Strategist at integrity, 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 Solicitor's Office (WA).
Special Responsibilities Assurance Committee member

Matthew Maury

Qualifications BA (Hons), MBA (Dev Studies), GAICD
Experience Board Member since 2009. TEAR Australia's CEO. Over 20 years experience with Christian development agencies working across Africa, Asia-Pacific, Latin America and the Middle East.
Special Responsibilities Member of Assurance, Governance, Membership and Impact Investment Committees

Barry Morris (*term concluded Nov 2019*)

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

TEAR Australia

Information on Directors (continued)

Peter Snowsill

| | |
|--------------------------|--|
| Qualifications | BE (Hons), MAICD |
| Experience | Board member since 2015. Chemical Engineer with governance, management and project expertise across various sectors. Currently CEO for an ASX-listed manufacturing technology company. |
| Special Responsibilities | Board Chair, 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, Governance Committee Chair |

Meetings of Directors

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

| Name | Number attended | Number eligible to attend |
|-----------------------------|-----------------|---------------------------|
| Stephen Bevis | 7 | 7 |
| Douglas Crocket | 5 | 5 |
| Barbara Deutschmann | 6 | 7 |
| Graham Hall | 7 | 7 |
| Hannah Kallady | 6 | 7 |
| Joanna Lee | 7 | 7 |
| Peter Lochore | 6 | 7 |
| Matthew Maury | 6 | 7 |
| Barry Morris | 1 | 3 |
| Peter Snowsill (Chair) | 7 | 7 |
| Joanna Watts (Deputy Chair) | 5 | 7 |

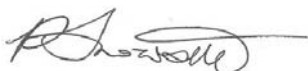
Members Guarantee

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 2020 the total amount that members of the company are liable to contribute if the company is wound up is \$126 (2019:\$130).

Auditors Independence Declaration

The auditors independence declaration for the year ended 30 June 2020 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:
Peter Snowsill (Chair)



Board member:
Joanna Watts (Deputy Chair)

Dated: 22 September 2020

TEAR Australia

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 financial year ended 30 June 2020, 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: 22 September 2020

Blackburn, VIC

TEAR Australia

Statement of Income and Expenditure and Other Comprehensive Income

For the Financial Year Ended 30 June 2020

| | | 2020 | 2019 |
|--|----|---------------------|---------------------|
| | | \$ | \$ |
| REVENUE | | | |
| Operating Activities | | | |
| Donations and Gifts | | | |
| Monetary | | 10,563,196 | 9,454,064 |
| Non monetary | 15 | 115,048 | 185,786 |
| Bequests and legacies | | 761,956 | 133,004 |
| Other overseas grants | | 30,000 | - |
| DFAT Grants | | 4,160,756 | 4,462,301 |
| Other income | 4 | 507,017 | 364,253 |
| Non-operating Activities | | | |
| Investment income | | 38,393 | 363,625 |
| Total Revenue | | 16,176,366 | 14,963,033 |
| EXPENSES | | | |
| Funds to international programs | | (8,856,493) | (8,707,426) |
| Domestic programs expenditure | | (192,962) | (279,105) |
| Program support costs | | (1,425,958) | (1,561,786) |
| Community education | | (2,009,916) | (2,080,604) |
| Fundraising costs | | | |
| Public | | (1,356,909) | (1,170,921) |
| Government | | (18,525) | (17,515) |
| Accountability and administration | | (950,288) | (921,427) |
| Non-monetary expenditure | 15 | (115,048) | (185,786) |
| Total expenses | | (14,926,099) | (14,924,570) |
| Surplus/(deficit) for the year | | 1,250,267 | 38,463 |
| Other comprehensive income: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| - Net Gains/(losses) on Revaluation of Property, Plant and Equipment | | 1,906,276 | - |
| 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 | | (492,337) | 141,152 |
| Other comprehensive income | | 1,413,939 | 141,152 |
| Total comprehensive income for the year | | 2,664,206 | 179,615 |

The accompanying notes form part of these financial statements.

TEAR Australia

Statement of Financial Position

For the Financial Year Ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 2,525,541 | 2,259,413 |
| Trade and other receivables | 6 | 262,965 | 196,979 |
| Other assets | 10 | 33,900 | 502,339 |
| Total current assets | | 2,822,406 | 2,958,731 |
| Non-current assets | | | |
| Financial assets | 7 | 6,535,286 | 5,242,594 |
| Property, plant and equipment | 8 | 4,839,303 | 2,958,257 |
| Intangible assets | 9 | 248,770 | 215,210 |
| Total non-current assets | | 11,623,359 | 8,416,061 |
| TOTAL ASSETS | | 14,445,765 | 11,374,792 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 151,002 | 151,554 |
| Short-term provisions | 12 | 743,594 | 724,573 |
| Other current liabilities | 13 | 519,530 | 147,365 |
| Total current liabilities | | 1,414,126 | 1,023,492 |
| Non-current liabilities | | | |
| Other long-term provisions | 12 | 76,030 | 59,897 |
| Total non-current liabilities | | 76,030 | 59,897 |
| TOTAL LIABILITIES | | 1,490,156 | 1,083,389 |
| NET ASSETS | | 12,955,609 | 10,291,403 |

The accompanying notes form part of these financial statements.

TEAR Australia

Statement of Financial Position

For the Financial Year Ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|-------------------|-------------------|
| EQUITY | | | |
| Property revaluation reserve | 14 | 2,750,599 | 844,323 |
| Fixed Assets and Intangibles Reserve | 14 | 2,337,474 | - |
| Foreign currency reserve | 14 | (71,575) | 420,762 |
| Designated funds reserve | 14 | 205,301 | 198,966 |
| Gifts in Wills Reserve | 14 | 261,956 | - |
| Risk Mitigation Reserve | 14 | 2,700,000 | - |
| Committed funds reserve | 14 | 4,771,854 | 8,827,352 |
| Retained surpluses | | - | - |
| TOTAL EQUITY | | 12,955,609 | 10,291,403 |

The accompanying notes form part of these financial statements.

TEAR Australia

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

2020

| | Property Revaluation Reserve \$ | Foreign Currency Reserve \$ | Designated Funds Reserve \$ | Committed Funds Reserve \$ | Retained Surpluses \$ | Gifts in Wills Reserve \$ | Risk Mitigation Reserve \$ | Fixed Assets and Intangible Reserve \$ | Total |
|--|--|--------------------------------------|--------------------------------------|-------------------------------------|-----------------------------|---------------------------------|-------------------------------------|---|-------------------|
| Balance at 1 July 2019 | 844,323 | 420,762 | 198,966 | 8,827,352 | - | - | - | - | 10,291,403 |
| Comprehensive income | | | | | | | | | |
| Surplus for the year | - | - | - | - | 1,250,267 | - | - | - | 1,250,267 |
| Other comprehensive income for the year | | | | | | | | | |
| Net unrealised gains on Foreign Exchange Contracts | - | (492,337) | - | - | - | - | - | - | (492,337) |
| Revaluation increment/(decrement) | 1,906,276 | - | - | - | - | - | - | - | 1,906,276 |
| Total Comprehensive income for the year | 2,750,599 | (71,575) | 198,966 | 8,827,352 | 1,250,267 | - | - | - | 12,955,609 |
| Transfers to and from reserves | | | | | | | | | |
| - Committed Funds Reserve/ Designated Funds Reserve | - | - | 6,335 | (4,055,498) | (1,250,267) | 261,956 | 2,700,000 | 2,337,474 | - |
| Balance at 30 June 2020 | 2,750,599 | (71,575) | 205,301 | 4,771,854 | - | 261,956 | 2,700,000 | 2,337,474 | 12,955,609 |

The accompanying notes form part of these financial statements.

TEAR Australia

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

2019

| | Property Revaluation Reserve \$ | Foreign Currency Reserve \$ | Designated Funds Reserve \$ | Committed Funds Reserve \$ | Retained Surpluses \$ | Gifts in Wills Reserve \$ | Risk Mitigation Reserve \$ | Fixed Assets and Intangible Reserve \$ | 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.

TEAR Australia

Statement of Cash Flows

For the Year Financial Ended 30 June 2020

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Note | \$ | \$ |
| CASH FROM OPERATING ACTIVITIES: | | |
| Donations received | 10,563,196 | 9,454,063 |
| Bequests and legacies received | 761,956 | 133,004 |
| Operating grants received | 4,609,832 | 4,908,531 |
| Other income received | 485,071 | 369,754 |
| Payments to suppliers and employees | (5,652,867) | (6,231,180) |
| Distribution to overseas and domestic project partners | (9,049,455) | (8,986,531) |
| Interest and dividends received | 146,873 | 123,680 |
| Net cash provided by (used in) operating activities | 1,864,606 | (228,679) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payment/proceeds for investments | (1,476,435) | (3,772,903) |
| Redemption/ (placement) of amortised cost financial assets | - | 2,070,491 |
| Purchase of property, plant, equipment and intangibles | (122,043) | (172,437) |
| Proceeds from sale of property, plant and equipment | - | 324 |
| Net cash used by investing activities | (1,598,478) | (1,874,525) |
| Net increase (decrease) in cash and cash equivalents held | 266,128 | (2,103,204) |
| Cash and cash equivalents at beginning of year | 2,259,413 | 4,362,617 |
| Cash and cash equivalents at end of financial year | 2,525,541 | 2,259,413 |
| 5 | | |

The accompanying notes form part of these financial statements.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

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 income or expenditure.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

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 income and expenditure.

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 | 17% |
| Computer systems | 34% |

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.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(e) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in income and expenditure if the carrying amount of the right-of-use asset has been reduced to zero.

Leases with a term of 12 months or less or leases of low value underlying assets will be exempted from the accounting treatment above. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(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 (FVTPL)" 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.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(f) Financial instruments

Initial recognition and measurement

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 fair value through profit or loss. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedging accounting requirements apply.

(iii) 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.

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 income or expenditure.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(g) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life. The amortisation rate for Justice Conference Rights is 33%.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. The amortisation rate for computer software is 17% - 25%.

(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 income or expenditure 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 contributions (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 contributions at the end of the reporting period. All obligations for unpaid superannuation 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.

(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.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(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

When the Company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset receivable in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer);
- recognises income immediately in income or expenditure as the difference between the initial carrying amount of the asset and the related amount; and
- identifies each performance obligation relating to the grant.

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).

(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.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(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 2020 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 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.

Initial application of AASB 15: Revenue from Contracts with Customers

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The accounting policies were changed to comply with AASB 15 and AASB 1058. This replaces the policies that the company used to be reporting under, AASB 118 and AASB 1004 that relates to the recognition of revenue.

No retrospective restatements are required as the Company's revenue streams are in accordance with the new application of this standard.

Initial application of AASB 16: Leases

The Company has adopted AASB 16 *Leases Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The accounting policies were changed to comply with AASB 16.

No retrospective restatements are required as the Company does not have any leases and the building is fully owned.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

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 FTE) | Advocacy Director |
| Kelly Rae (0.6 FTE) | South Asia Regional Team Leader |
| Phil Wilkerson | International Program Director |
| Karen Naylor (0.6 FTE) | People and Culture Director |

The total remuneration paid to key management personnel of the Company is \$ 883,606 (2019: \$ 864,299).

3 Surplus/(Deficit) from Ordinary Activities

| | 2020 | 2019 |
|-------------------------------|-----------|-----------|
| | \$ | \$ |
| Employee benefits expense | 4,060,405 | 3,950,167 |
| Depreciation and amortisation | 113,712 | 82,221 |

4 Other Income

| | | |
|------------------------------|----------------|----------------|
| - Justice Conference income | 186,444 | 271,741 |
| - Other Government subsidies | 232,591 | - |
| - Other income | 87,982 | 92,512 |
| | <u>507,017</u> | <u>364,253</u> |

5 Cash and Cash Equivalents

| | | |
|---------------------------------|------------------|------------------|
| Cash on hand | 5,101 | 4,980 |
| Cash at bank | 1,929,595 | 1,794,533 |
| Cash holdings in JB Were | 590,845 | 459,900 |
| Total cash and cash equivalents | <u>2,525,541</u> | <u>2,259,413</u> |

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

6 Trade and other receivables

| | 2020 | 2019 |
|-------------------|----------------|----------------|
| | \$ | \$ |
| CURRENT | | |
| Debtors | 30,861 | 69,995 |
| Other receivables | 220,656 | 112,153 |
| GST receivable | 11,448 | 14,831 |
| Total receivables | <u>262,965</u> | <u>196,979</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

NON-CURRENT

Financial assets at fair value through profit or loss

| | | |
|---|------------------|------------------|
| - Australian and international equities | (a) 1,319,134 | 1,422,551 |
| - Other investments through JB Were | (a) 5,216,152 | 3,820,043 |
| Total non-current assets | <u>6,535,286</u> | <u>5,242,594</u> |

(a) These investments are managed by JB Were. Cash holdings in JB Were amounting to \$590,845 are disclosed under cash and cash equivalents.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

8 Property, Plant and Equipment

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Freehold land & building | | |
| At independent valuation | 4,800,000 | 2,941,797 |
| Accumulated depreciation | (5,806) | (44,313) |
| Total land and buildings | 4,794,194 | 2,897,484 |
| Office furniture and equipment | | |
| At cost | 162,072 | 162,072 |
| Accumulated depreciation | (156,451) | (148,549) |
| Total office equipment | 5,621 | 13,523 |
| Computer Equipment | | |
| At cost | 234,131 | 216,324 |
| Accumulated depreciation | (194,643) | (169,074) |
| Total computer equipment | 39,488 | 47,250 |
| Total property, plant and equipment | 4,839,303 | 2,958,257 |

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 2019 | 2,897,484 | 13,523 | 47,250 | 2,958,257 |
| Additions | 8,678 | - | 17,807 | 26,485 |
| Depreciation expense | (18,244) | (7,902) | (25,569) | (51,715) |
| Revaluation increase | 1,906,276 | - | - | 1,906,276 |
| Carrying amount as at 30 June 2020 | 4,794,194 | 5,621 | 39,488 | 4,839,303 |

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

9 Intangible Assets

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Justice Conference Rights | | |
| At cost | 29,730 | - |
| Accumulated amortisation and impairment | (8,259) | - |
| Total Justice Conference rights | <u>21,471</u> | <u>-</u> |
| Computer Software | | |
| At cost | 515,031 | 449,204 |
| Accumulated amortisation | (287,732) | (233,994) |
| Total computer software | <u>227,299</u> | <u>215,210</u> |
| Total intangible assets | <u><u>248,770</u></u> | <u><u>215,210</u></u> |

Movements in carrying amounts of intangible assets

| | Justice Conference Rights | Computer Software | Total |
|--|---------------------------------|-----------------------|-----------------------|
| | \$ | \$ | \$ |
| Carrying amount as at 1 July 2019 | - | 215,210 | 215,210 |
| Additions | 29,730 | 65,828 | 95,558 |
| Amortisation | (8,259) | (53,739) | (61,998) |
| Carrying amount at 30 June 2020 | <u><u>21,471</u></u> | <u><u>227,299</u></u> | <u><u>248,770</u></u> |

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

10 Other Assets

| | 2020 | 2019 |
|-----------------------------------|---------------|----------------|
| | \$ | \$ |
| CURRENT | | |
| Prepayments | 33,900 | 81,577 |
| Unrealised foreign currency gains | (a) - | 420,762 |
| | <u>33,900</u> | <u>502,339</u> |

(a) Unrealised foreign currency gains/losses

The Company forward purchases US dollars and at balance date has open contracts requiring revaluation at year end. In financial year 2020 with weaker exchange rates unrealised gains were recognised as a liability. See Note 13.

11 Trade and other payables

| | | |
|--------------------------|----------------|----------------|
| CURRENT | | |
| Trade and other payables | 104,901 | 106,195 |
| PAYG Payable | 46,101 | 45,359 |
| | <u>151,002</u> | <u>151,554</u> |

12 Provisions

| | | |
|-------------------|---------|---------|
| CURRENT | | |
| Employee benefits | 743,594 | 724,573 |
| NON-CURRENT | | |
| Employee benefits | 76,030 | 59,897 |

13 Other Liabilities

| | | |
|------------------------------------|----------------|----------------|
| CURRENT | | |
| Unearned grant income | 208,531 | - |
| Unrealised foreign currency losses | 71,575 | - |
| Unearned government grant income | 232,500 | - |
| Other unearned income | 6,924 | 147,365 |
| | <u>519,530</u> | <u>147,365</u> |

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

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 \$4,771,854. TEAR also includes in this reserve planned and existing impact investments, therefore TEAR continues to rely on future donations from supporters to meet these commitments.

Risk Mitigation Reserve

The risk mitigation reserve has been established to set aside amounts to mitigate against the risk of a drop in income from modelled risk events, over a two year period.

Gifts in Wills Reserve

The Gifts in Wills reserve holds an amount set aside from Legacies and bequests received to be used in planned expenditure over a three year period.

Fixed Assets and Intangibles Reserve

The Fixed Asset and Intangibles Reserve represents the net book value of Tear Australia's intangible and tangible fixed assets, less the Property Revaluation Reserve, to indicate that these resources are not available for other purposes.

Designated Funds Reserve

The Designated Funds Reserve includes donations received for specific projects that have not been expended as at 30 June 2020 amounting to \$205,301 (2019: \$198,966). The only amount relating to the prior year reserve balance is for the Cyclone Idai response in Mozambique \$68,613 (2019: \$105,414). 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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

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 \$115,048. Of this amount \$80,511 is classified as community education expenditure, \$19,289 is classified as Justice Conference expenditure and \$15,248 is classified as program support costs.

16 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 | 2,525,540 | 2,259,413 |
| Trade and other receivables (excluding GST receivable) | 6 | 251,517 | 182,148 |
| Financial assets at fair value through profit or loss | 7 | 6,535,286 | 5,242,594 |
| Total financial assets | | 9,312,343 | 7,684,155 |

Financial Liabilities

| | | | |
|--|----|----------------|----------------|
| Trade and other payables (excluding conference funds received in advance and unrealised foreign currency losses) | 11 | 383,503 | 152,274 |
| Total financial liabilities | | 383,503 | 152,274 |

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

17 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

| | 2020 | 2019 |
|---|-----------|-----------|
| | \$ | \$ |
| Financial Assets | | |
| Financial assets at fair value through profit or loss | | |
| - Australian and international equities | 1,319,134 | 1,422,551 |
| - Other investments through JB Were | 5,216,152 | 3,820,043 |
| | | |
| Property Plant and Equipment | | |
| - Freehold Land and Building | 4,794,194 | 2,897,484 |

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 2020.

18 Events After the Reporting Period

Subsequent to the balance date, there has been the continuing impact of the global outbreak of Coronavirus disease (COVID-19) that has caused a significant impact to the global economy. There are no adjusting events to the financial statements as at 30 June 2020, however this outbreak has impacted the extent and nature of the activities undertaken by TEAR Australia's partner organisations and may have an impact to the company's future financial performance and position. The financial assets reported are based on the market value as at 30 June 2020. Investment markets volatility has continued to occur as a result of the economic impacts of the pandemic. Directors do not believe that the impact of COVID-19 will impact the ability of the company to continue as a going concern.

19 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.

In March 2020, ForTomorrow Pty Ltd, an Australian Private Company that is wholly owned by TEAR Australia was established. During the financial year, there were no transactions made within the private company and no bank accounts have been created.

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

20 Contingent Liabilities

In the opinion of the Directors, the Company had \$nil contingent liabilities at 30 June 2020 (30 June 2019: \$nil).

21 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 2020 the amount that members of the company are liable to contribute if the company is wound up is \$126 (2019: \$130).

TEAR Australia

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

22 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.

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Gross revenue from public activities | 11,325,152 | 9,587,068 |
| Non monetary donations and gifts | 115,048 | 185,786 |
| Less: public fundraising costs | <u>(1,356,909)</u> | <u>(1,170,921)</u> |
| Net Public Funds | 10,083,291 | 8,601,933 |
| Government grants | 4,160,756 | 4,462,301 |
| Less government fundraising costs | <u>(18,525)</u> | <u>(17,515)</u> |
| Net government grants | 4,142,231 | 4,444,786 |
| Other revenue | <u>575,410</u> | <u>727,878</u> |
| Net funds raised | 14,800,932 | 13,774,597 |
| Overseas project disbursements | 8,856,493 | 8,707,426 |
| Domestic project disbursements | 192,962 | 279,105 |
| Program support costs | 1,425,958 | 1,561,786 |
| Community Education costs | 2,009,916 | 2,080,604 |
| Non monetary expenditure | <u>115,048</u> | <u>185,786</u> |
| Total funds distributed towards the objectives of the Company | 12,600,377 | 12,814,707 |
| Subtotal | 2,200,555 | 959,890 |
| Accountability and administration expenses | <u>950,288</u> | <u>921,427</u> |
| Surplus / (deficit) for the year | 1,250,267 | 38,463 |

Percentages

| | % | % |
|--|----|----|
| Total cost of public fundraising/gross public fundraising income | 12 | 12 |
| Surplus from public fundraising/gross public fundraising income | 88 | 88 |
| Funds disbursed towards objectives/total expenditure | 85 | 86 |
| Funds disbursed towards objectives/total revenue received | 78 | 86 |

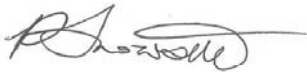
TEAR Australia

Directors' Declaration

The Directors of the Company declare that:

1. The financial report as set out on pages 6-27, 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 2020 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 2020, 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 2020, 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 2020, 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 22 September 2020

TEAR Australia

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 2020, 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 2020 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

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

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: 22 September 2020