Comprising:
Engineers Without Borders Australia Limited (ABN 13 103 896 920)
and
Engineers Without Borders Foundation (ABN 25 394 403 069)
a controlled entity

Financial Statements

For the Year Ended 30 June 2020

Engineers Without Borders Australia

Contents

For the Year Ended 30 June 2020

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	29
Independent Audit Report	30

Engineers Without Borders Australia

Directors' Report

30 June 2020

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2020.

Information on directors

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

Gavin Ross Blakey	
Qualifications	BE (Hons), MBA (Technology Management), FIEAust, CPEng, RPEQ
Simon Bradwell	
Qualifications	B Eng, PhD (Materials Engineering)
Kelsie Clarke	
Qualifications	B. Civil Eng(Hons)
Scott Daniel	Resigned 25 November 2019
Qualifications	BSc(Hons 1) DipEd BA GradDipSciComm PhD
Shane Kennelly	
Qualifications	B.Eng (Aeronautical), MBA
Peter McArdle	
Qualifications	B.Eng (Civil), M Peace & Conflict Studies
Mike McCreadie	
Qualifications	B.Bus (Accounting), BA (Psychology), Australian Chartered Accountant, Certified Turnaround Practitioner, Certified Valuation Analyst, Graduate of the Australian Institute of Company Directors
Margarita Moya	
Qualifications	B Eng (Industrial Chemistry) / B Arts
Arun Kumar	Elected 25 November 2019
Qualifications	BTech (Civil Engineering), MSCE (Civil Engineering) (Purdue USA); PhD (Purdue USA); Grad Dip in Management (RMIT)
Sonya Rand	Appointed 15 June 2020
Qualifications	B Eng (Chemical), CPEng, Post Grad Dip in Business Management

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

Engineers Without Borders Australia

Directors' Report
30 June 2020

Principal activities

The principal activities of the Group during the financial year were:

- Working in partnership to address a lack of access to basic human needs such as clean water, sanitation and hygiene, energy, basic infrastructure, waste systems, information communication technology and engineering education.
- Educating and training Australian students, engineers and the wider community on issues including sustainable development, appropriate technology, poverty and the power of humanitarian engineering.
- Leading a movement of like-minded people with strong values and a passion for humanitarian engineering within Australia and overseas.
- Fundraising to support the above activities.

No significant change in the nature of these activities occurred during the year.

Short and long term objectives

Mission statement

We connect, educate and empower people through humanitarian engineering.

Vision statement

Everyone has access to the engineering knowledge and resources required to lead a life of opportunity, free from poverty

Strategic aims and objectives

External Aims:

1. Solutions for social change: We will enable appropriate solutions to alleviate poverty and accelerate inclusive, sustainable development through engineering and technology.

i. Objective 1.1: Facilitate access to appropriate and community-centered engineering services, infrastructure and technology for poor and marginalised communities.

ii. Objective 1.2: Strengthen the capacity of individuals, community organisations, institutions, governments and businesses to access, deliver and sustain transformative engineering solutions and technology for the benefit of poor and marginalised communities.

iii. Objective 1.3: Influence the institutions and systems through which engineering solutions, infrastructure and technology are delivered to maximise the positive social outcomes for communities.

iv. Objective 1.4: Create well-connected and supported education and employment pathways in the engineering sector for poor and marginalised communities.

v. Objective 1.5: Create well-connected and supported education and employment pathways in the engineering sector for poor and marginalised communities.

Directors' Report
30 June 2020

Strategic aims and objectives

2. Redefining engineering: we will redefine engineering as a community-centred profession that provides leadership in the creation of a more sustainable and inclusive world.

i. Objective 2.1: Inspire, educate and train students and practitioners in the local and global application of engineering and technology for positive social change.

ii. Objective 2.2: Embed a culture of community-centred design and practice in the engineering professions in which we work, through all aspects of business including shared value creation, pro bono work and volunteering.

iii. Objective 2.3: Improve transparency and accountability regarding the social impact of engineering services, infrastructure and technology, facilitate sharing of effective practice and celebrate the positive impact the profession has on society.

3. A global movement: we will inspire and mobilise a global community in engineering.

i. Objective 3.1: Inspire, connect and empower engineers and their organisations around the world to participate in a global movement based on the shared vision that "Every engineer can be an agent of change to create a just and sustainable society."

ii. Objective 3.2: Mobilise the engineering professions in which we work to play a leadership role in ending poverty and creating inclusive, sustainable communities.

iii. Objective 3.3: Learn from, work with and build the capacity of like-minded organisations around the world to contribute towards ending poverty and accelerating inclusive, sustainable development.

Internal Aims:

1. Investing in our people change: We will invest in our people and build our culture of passion, purpose and impact.

i. Objective 1.1: Lead, empower and grow the size of the EWB membership base, as enablers of the humanitarian engineering movement.

ii. Objective 1.2: Strengthen and create new, diverse and well-supported pathways for volunteers to contribute towards the EWB mission and vision.

iii. Objective 1.3: Build the skills, experience, knowledge and diversity of our volunteers, staff and Board to effectively implement our work.

iv. Objective 1.4: Proactively foster a diverse EWB community that includes people of varied age and experience, gender and ethnicity.

Directors' Report
30 June 2020

Strategic aims and objectives

2. Transforming our systems: We will improve the impact of our work and the systems and tools we use to support our operations.

i. Objective 2.1: Improve our monitoring, evaluation, reporting and communication of the impact of our work.

ii. Objective 2.2: Develop and hold ourselves accountable to performance indicators (measures) for each of our aims & objectives and each program we deliver.

iii. Objective 2.3: Invest in integrated business systems, technologies and processes that improve our effectiveness and efficiency.

iv. Objective 2.4: Integrate learning processes into program delivery and operations, including strategic sharing of lessons learned and communication of failures.

v. Objective 2.5: Improve the transparency and accountability of our management systems (policies, processes and practices).

3. Growing our resources: We will increase our financial and social capital.

i. Objective 3.1: Grow our current sources of income and find new and creative ways to generate untied income that align with our mission and vision and enable us to increase the impact of our work.

ii. Objective 3.2: Increase and diversify the capability (skills, experience, knowledge) of the EWB team.

iii. Objective 3.3: Leverage meaningful pro bono and volunteer opportunities to maximise the impact of our work and the efficiency with which we use our resources.

iv. Objective 3.4: Prioritise our programs, renew and reposition our resources and practices to increase our impacts.

4. Increasing our Profile: We will build our profile, influence and support base.

i. Objective 4.1: Grow the recognition of the EWB brand in Australia and the regions in which we work with a focus on the organisation's impact through systemic change and innovation.

ii. Objective 4.2: Build the capacity of EWB people to undertake and influence activities.

iii. Objective 4.3: Expand the EWB community and network of supporters who champion the organisation's mission and vision and influence others to support the humanitarian engineering cause.

Performance measures

EWB measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the organisation and whether the organisation's short term and long term objectives are being achieved. EWB is currently implementing a formal monitoring, evaluation, reporting and improvement (MERI) framework across all EWB programs and initiatives.

EWB's monitoring, evaluation and learning (MEL) system is in place across the organisation to ensure all programs and initiatives are aligned to the organisation-wide Impact Framework, and contributing to EWB's strategy and relevant Sustainable Development Goals (SDG's).

Directors' Report
30 June 2020

Members' guarantee

Engineers Without Borders Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $ 2 for members, subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was $ 120 (2019: $ 1,626).

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gavin Ross Blakey	8	8
Simon Bradwell	8	8
Kelsie Clarke	8	8
Scott Daniel	3	3
Shane Kennelly	8	4
Peter McArdle	8	8
Mike McCreadie	8	7
Margarita Moya	8	8
Arun Kumar	5	4
Sonya Rand	1	1

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

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

Director: .... Mike McCreadie

Director: .... Gavin Ross Blakey

Dated this ....5th.... day of ....November.... 2020

Auditor's Independence Declaration to the Directors of Engineers Without Borders Australia and Controlled Entities

I declare that, to the best of my knowledge and belief, during the 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 Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Jaco Vorster CA, Associate Partner (auditor registration number 507089) on behalf of
Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company registration number 294178 (ACN 115 749 598)

Melbourne, Australia

Dated this ......9th...... day of ......November...... 2020

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenues	5	**4,218,869**	4,654,650
Administrative expenses		**(74,889)**	(48,338)
Advertising and promoting		**(14,787)**	(23,880)
Bad and doubtful debts expense		**54,000**	(54,000)
Consultancy expenses		**(127,956)**	(130,240)
Depreciation and amortisation expense		**(8,370)**	(6,475)
Employee related expenses		**(2,758,247)**	(2,400,234)
Finance expenses		**(2,420)**	-
Initiatives		**(751,777)**	(877,022)
Information, communications and technology		**(71,317)**	(54,033)
Insurance		**(104,434)**	(106,507)
Occupancy costs		**(191,215)**	(212,798)
Travel		**(258,441)**	(292,079)
Volunteer allowance		**(9,928)**	(123,704)
(Deficit) / Surplus before income tax		**(100,912)**	325,340
Income tax expense		**-**	-
(Deficit) / Surplus for the year		**(100,912)**	325,340
Other comprehensive income:			
Items that may be reclassified subsequently to surplus and deficit		**-**	-
Items that will not be reclassified subsequently to surplus and deficit		**-**	-
Total comprehensive income for the year		**(100,912)**	325,340

The accompanying notes form part of these financial statements.

Engineers Without Borders Australia

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,843,846**	2,419,195
Trade and other receivables	7	**262,447**	344,322
Other assets	8	**62,357**	386,737
TOTAL CURRENT ASSETS		**2,168,650**	3,150,254
NON-CURRENT ASSETS			
Trade and other receivables	7	**7,343**	-
Other financial assets	9	**500**	500
Property, plant and equipment	10	**15,232**	17,359
Right-of-use assets		**147,777**	-
TOTAL NON-CURRENT ASSETS		**170,852**	17,859
TOTAL ASSETS		**2,339,502**	3,168,113
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities	11	**69,965**	-
Trade and other payables	12	**115,389**	116,716
Employee benefits	13	**123,941**	134,160
Other liabilities	14	**336,387**	1,184,581
Other financial liabilities	15	**-**	30,417
TOTAL CURRENT LIABILITIES		**645,682**	1,465,874
NON-CURRENT LIABILITIES			
Lease liabilities	11	**82,569**	-
Employee benefits	13	**24,389**	14,465
TOTAL NON-CURRENT LIABILITIES		**106,958**	14,465
TOTAL LIABILITIES		**752,640**	1,480,339
NET ASSETS		**1,586,862**	1,687,774
EQUITY			
Reserves		**93,408**	-
Retained earnings		**1,493,454**	1,687,774
TOTAL EQUITY		**1,586,862**	1,687,774

The accompanying notes form part of these financial statements.

Engineers Without Borders Australia

Statement of Changes in Equity
For the Year Ended 30 June 2020

2020

	Retained Earnings	ANCP Grant reserve	Total
	$	$	$
Balance at 1 July 2019	**1,687,774**	**-**	**1,687,774**
Deficit for the year	**(100,912)**	**-**	**(100,912)**
Transfers from retained earnings to reserve	**(93,408)**	**93,408**	**-**
Balance at 30 June 2020	**1,493,454**	**93,408**	**1,586,862**

2019

	Retained Earnings	ANCP Grant reserve	Total
	$	$	$
Balance at 1 July 2018	1,214,182	-	1,214,182
Amended Lease incentive due to cancellation of lease	148,252	-	148,252
Balance at 1 July 2018 restated	1,362,434	-	1,362,434
Surplus for the year	325,340	-	325,340
Balance at 30 June 2019	1,687,774	-	1,687,774

The accompanying notes form part of these financial statements.

Engineers Without Borders Australia

Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Grant and other receipts from operating activities		**3,617,690**	4,831,032
Payments to suppliers and employees		**(4,185,979)**	(4,756,510)
Interest received		**23,964**	44,677
Net cash provided by/(used in) operating activities	18	**(544,325)**	119,199
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(6,473)**	(19,325)
Net cash provided by/(used in) investing activities		**(6,473)**	(19,325)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease interest		**(2,420)**	-
Principal repayments of lease liabilities		**(22,131)**	-
Net cash provided by/(used in) financing activities		**(24,551)**	-
Net increase/(decrease) in cash and cash equivalents held		**(575,349)**	99,874
Cash and cash equivalents at beginning of year		**2,419,195**	2,319,321
Cash and cash equivalents at end of financial year	6	**1,843,846**	2,419,195

The accompanying notes form part of these financial statements.

These are the consolidated financial statements of Engineers Without Borders Australia (the Consolidated Group, EWB) comprising Engineers Without Borders Australia Limited (ABN 13 103 896 920) a public company limited by guarantee incorporated and domiciled in Australia and Engineers Without Borders Foundation (ABN 25 394 403 069) a public benevolent institution which is a controlled entity. The Consolidated Group operates as a not-for-profit organisation.

The financial report was authorised for issue by the Directors on 04 November 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission Act 2012. The consoldiated group operates as a not-for-profit group 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 noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Group 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 Group has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Group's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Specific change in accounting policy

Timing of revenue recognition based on transfer of control of performance obligations

Prior to the adoption of AASB 15, the Group recognised revenue when the risks and rewards associated with the provision of services was transferred to the customer. For Grants, revenue was recognised in line with the timing that the expenditure was incurred.

AASB 15 requires revenue from these products to be recognised when the performance obligations to transfer goods and services have been satisfied.

Consequently, the timing of revenue recognition and profit has changed and revenue that would have been considered unearned using the prior method has been recognised in the current year.

2 Change in Accounting Policy

Leases - Adoption of AASB 16

The Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Group as a lessee

Under AASB 117, the Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

3 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

(b) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers

For current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

3 Summary of Significant Accounting Policies

(b) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Grants

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations is under AASB 1058.

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Group considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control of the asset.

Partnerships

The Group earns revenue from provision of professional services through partnership contracts, particularly with Australian Universities.

Fee arrangements on these contracts are fixed fee arrangements.

For these arrangements, revenue is recognised based on the stage of completion with reference to the actual services provided as a proportion of the total services expected to be provided under the contract. Revenue is recognised over time in line with benefits of the contract being consumed by the customer. This is done as a proportion of the academic year that has been completed to date.

Estimates of revenues (including interim billing), costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3 Summary of Significant Accounting Policies

(b) Revenue and other income

Specific revenue streams

The Group has determined that no significant financing component exists in respect of the professional services revenue streams since the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A receivable in relation to these services is recognised when a bill has been invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

(c) Income Tax

The entities in the group are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

3 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	**Depreciation rate**
Computer Equipment	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

3 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Group have one strategic investments in an unlisted entity over which they do not have significant influence nor control. The Group have made an irrevocable election to classify this equity investment as fair value through other comprehensive income as it is not held for trading purposes.

This investment is carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

3 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) Leases

For comparative year

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.

3 Summary of Significant Accounting Policies

(i) Leases

For current year

At inception of a contract, the Group 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 Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group 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.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group 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 Group'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 Group'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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3 Summary of Significant Accounting Policies

(i) Leases

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for short-term leases (i.e. leases with a term of less than or equal to 12 months). The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(k) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group or refer to Note 2 for details of the changes due to standards adopted.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements
For the Year Ended 30 June 2020

5 Revenue and Other Income

	2020	2019
	$	$
Revenue		
- Donations	**492,954**	451,422
- Sponsorship/Partners	**294,908**	512,422
- Earned income	**1,642,713**	2,118,482
- Grants	**1,415,400**	1,317,884
- Interest received	**23,964**	44,677
- Membership	**4,909**	35,581
- Other income	**275,178**	1,504
- Rental income	**68,842**	172,679
Total Revenue	**4,218,868**	4,654,651

6 Cash and Cash Equivalents

		2020	2019
		$	$
Cash on hand		**112**	250
Bank balances		**1,843,734**	2,418,945
	17	**1,843,846**	2,419,195

7 Trade and other receivables

		2020	2019
		$	$
CURRENT			
Trade receivables		**82,398**	377,317
Provision for impairment		**-**	(56,950)
		82,398	320,367
GST receivable		**140**	240
Other receivables		**179,909**	23,715
Total current trade and other receivables		**262,447**	344,322

	2020	2019
	$	$
NON-CURRENT		
Deposits	**7,343**	-

Financial assets at amortised cost classified as trade and other receivables

Trade and other receivables - current		**262,447**	344,322
Trade and other receivables - non-current		**7,343**	-
Less: GST receivable		**(140)**	(240)
Total	17	**269,650**	344,082

8 Other Assets

	2020	2019
	$	$
CURRENT		
Prepayments	**62,357**	386,737

9 Other Financial Assets

(a) Financial assets at fair value

	2020	2019
	$	$
NON-CURRENT		
Equity securities - at fair value through Other Comprehensive Income	**500**	500

Investments in associates represents a minority interest held in ATEC Australia-International Pty Ltd, a company incorporated in Australia.

10 Property, plant and equipment

	2020	2019
	$	$
PLANT AND EQUIPMENT		
Computer equipment		
At cost	**33,064**	27,442
Accumulated depreciation	**(17,832)**	(10,083)
Total computer equipment	**15,232**	17,359

(a) 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:

	Computer Equipment	Total
	$	$
Year ended 30 June 2020		
Balance at the beginning of year	**17,359**	**17,359**
Additions	**6,472**	**6,472**
Disposals	**(229)**	**(229)**
Depreciation expense	**(8,370)**	**(8,370)**
Balance at the end of the year	**15,232**	**15,232**

11 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Right-of-use assets

	Buildings	Total
	$	$
Year ended 30 June 2020		
Balance at beginning of year	-	-
Additions to right-of-use assets	174,665	174,665
Depreciation charge	(26,888)	(26,888)
Balance at end of year	**147,777**	**147,777**

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

2020	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
Lease liabilities	75,710	86,110	-	161,820	152,534

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2020	2019
	$	$
Interest expense on lease liabilities	(2,420)	-
Depreciation of right-of-use assets	(26,888)	-
	(29,308)	-

	2020	2019
	$	$
Total cash outflow for leases (AASB 16)	(24,551)	-

Notes to the Financial Statements
For the Year Ended 30 June 2020

12 Trade and Other Payables

	Note	2020 $	2019 $
CURRENT			
Trade payables		**5,318**	45,356
GST payable		**3,871**	248
Other payables		**106,200**	71,112
		115,389	116,716

	Note	2020 $	2019 $
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables - current		**115,389**	116,716
Less: GST payable		**(3,871)**	(248)
Total	17	**111,518**	116,468

13 Employee Benefits

	2020 $	2019 $
CURRENT		
Provision for annual leave	**115,664**	121,542
Provision for long service leave	**8,277**	12,618
	123,941	134,160

	2020 $	2019 $
NON-CURRENT		
Provision for long service leave	**24,389**	14,465

14 Other Liabilities

	2020 $	2019 $
CURRENT		
Deferred Government grants	**33,920**	148,024
Deferred income	**302,467**	1,016,440
Other financial liabilities	**-**	20,117
Total	**336,387**	1,184,581

15 Other Financial Liabilities

	2020 $	2019 $
CURRENT		
Rental bonds	**-**	30,417

16 Leasing Commitments

(a) Operating leases

	2020	2019
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	205,332
- between one year and five years	-	582,495
	-	787,827

All operating leases have been reclassified under AASB 16: Leases refer to note 11

17 Financial Risk Management

		2020	2019
		$	$
Financial assets			
Held at amortised cost			
Cash and cash equivalents	6	**1,843,846**	2,419,195
Trade and other receivables	7	**269,650**	344,082
Fair value through Other Comprehensive Income (OCI)			
Equity securities - at fair value through Other Comprehensive Income	9	**500**	500
Total financial assets		**2,113,996**	2,763,777
Financial liabilities			
Trade and other payables	12	**111,518**	116,468
Other financial liabilities	15	**-**	30,417
Total financial liabilities		**111,518**	146,885

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	$	**$**
Profit/(Loss) for the year	**(100,912)**	325,341
Non-cash flows in profit:		
- depreciation	**35,258**	6,475
- net loss on disposal of property, plant and equipment	**230**	646
- Lease liability financing interest	**2,420**	-
- impairment of receivables	**-**	56,950
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	**74,532**	(179,926)
- decrease in other assets	**324,380**	23,832
- (decrease) in trade and other payables	**(31,745)**	(46,111)
- (decrease) in deferred income	**(848,194)**	(175,354)
- increase in other liabilities	**-**	68,612
- (decrease)/increase in employee benefits	**(294)**	38,734
Cashflows from operations	**(544,325)**	119,199

19 Group Operations

Engineers Without Borders Australia is an operating name and reference for two legal entities, Engineers Without Borders Australia Limited, and Engineers Without Borders Foundation. Engineers Without Borders Australia Limited is a company limited by guarantee and is the corporate trustee of Engineers Without Borders Foundation.

The objectives of each entity align and reflect common and similar purposes.

Both entities are commonly managed and share resources. While protocols exist for the practical application of resource allocations to be made between the entities, the consolidated financial statements reflect operations within this group and the outcomes of the decisions designed to achieve Engineers Without Borders Australia objectives as a group.

20 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets
  - Unlisted Shares

21 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

22 Related Parties

(a) The Group's main related parties are as follows:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including and director (whether executive or otherwise) of that entity is considered key managment personnel.

Total remuneration of key management personnel - refer to Note 23.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties other than loan forgiveness. Refer to Note 19.

Engineers Without Borders Australia Limited has a minority interest in the shares of ATEC Australia-International Pty Ltd. There were no transactions between these related parties in the year ended 30 June 2020.

23 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

The total remuneration paid to key management personnel of the Company and the Group is $ 575,415 (2019: $ 647,840).

24 Events after the end of the Reporting Period

The financial report was authorised for issue on 04 November 2020 by the Board of Directors.

The rapid outbreak of the coronavirus (COVID19) presents an alarming health crisis and has a significant impact on the economies of the affected countries. The extent of the impact of COVID19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employees and vendors all of which are uncertain and cannot be predicted.

This event will not individually or collectively cast a significant doubt on the Group's ability to continue as a going concern and the going concern assumption is still appropriate as a basis for the preparation of the Group’s financial statements.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

25 Statutory Information

The registered office and principal place of business of the company is:

552 Victoria Street
North Melbourne, VIC, 3051

Deductible Gift Recipient

Engineers Without Borders Australia Limited operates the following fund. Gifts to the fund may be tax deductible to the provider of the gift.

- Engineers Without Borders Overseas Aid Gift and Relief Fund.

Engineers Without Borders Foundation is endorsed as a Deductible Gift Recipient.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 28, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:

    a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company and consolidated group.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
Mike McCreadie

Director ....
Gavin Ross Blakey

Dated this ....5th............. day of ....November............. 2020

Independent Audit Report to the members of Engineers Without Borders Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Engineers Without Borders Australia (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss 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 Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group'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 the *Corporations Regulations 2001*.

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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 - Reduced Disclosure Requirements and the *Corporations Act 2001* 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

801 Glenferrie Road Hawthorn Vic (Locked Bag 50 Hawthorn Vic 3122) Australia **T** +61 3 9810 0700 **F** +61 3 9815 1899 www.banksgroup.com.au

Independent Audit Report to the members of Engineers Without Borders Australia

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 Group'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 Group'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 Group 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Banks Group Assurance Pty Ltd

Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company number 294178 (ACN 115 749 598)

Jaco Vorster CA, Associate Partner
Registration number 507089

Melbourne, Australia
Dated this 9th day of November 2020