



engineers without borders australia

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 2018

Engineers Without Borders Australia

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For the Year Ended 30 June 2018

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Directors' Report

30 June 2018

Your directors present their report, together with the financial statements of the consolidated Group (EWB), being Engineers Without Borders Australia Limited (the Company) and its controlled entity Engineers Without Borders Foundation, for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Appointed/Resigned
Stephen May	Resigned 01 August 2017
Susan Chenoweth	Resigned 16 April 2018
Alexandra Randall-L'Estrange	End of term 17 June 2018
Jeremy Chenoweth	End of term 17 June 2018
Kenneth Peter Bowtell	End of term 17 June 2018
Margarita Moya	Re-elected 18 June 2018
Scott Daniel	
Gavin Ross Blakey	Re-elected 18 June 2018
Corinne Wallis	
Mike McCreadie	Appointed 16 April 2018
Shane Kennelly	Appointed 31 July 2017
Kelsie Clark	Elected 18 June 2018
Peter McArdle	Elected 18 June 2018

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

Information on directors

Stephen May	
Qualifications	B. Ed, MBA
Susan Chenoweth	
Qualifications	B.Econ, B.Arts (Psychology), M.Phil and non-profit studies
Alexandra Randall-L'Estrange	
Qualifications	B.Eng (Environmental) Hons, Cert IV in BusAdmin
Jeremy Chenoweth	
Qualifications	BA (Hons1) (UQ), LL.B (UQ), LL.M (Melb)
Kenneth Peter Bowtell	
Qualifications	B.Eng (Hons), FIEAust, MAICD
Margarita Moya	
Qualifications	B Eng (Industrial Chemistry) / B Arts
Peter McArdle	
Qualifications	B.Eng (Civil), M Peace & Conflict Studies

Engineers Without Borders Australia

Directors' Report

30 June 2018

Information on directors

Scott Daniel

Qualifications

BSc(Hons 1) DipEd BA GradDipSciComm PhD

Gavin Ross Blakey

Qualifications

BE (Hons), MBA (Technology Management), FIEAust, CPEng, RPEQ

Corinne Wallis

Qualifications

MBA, Adv Dip Eng(Elec), AAIPM

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

Shane Kennelly

Qualifications

B Eng(Aeronautical), MBA

Kelsie Clark

Qualifications

B. Civil Eng(Hons)

Principal activities

The principal activities of the consolidated 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-term 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.

Directors' Report

30 June 2018

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.
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 2018

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.

Key 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.

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 \$2 each towards meeting any outstanding obligations of the Company. At 30 June 2018, the maximum amount that members of the Company are liable to contribute if the Company is wound up is \$ 1,646 (2017: \$ 1,974).

Engineers Without Borders Australia

Directors' Report

30 June 2018

Meetings of directors

During the financial year 8 meetings 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
Kenneth Peter Bowtell	8	8
Alexandra Randall-L'Estrange	8	8
Corinne Wallis	8	6
Margarita Moya	8	8
Jeremy Chenoweth	8	5
Shane Kennelly	7	5
Mike McCreadie	1	1
Scott Daniel	8	7
Susan Chenoweth	6	3
Stephen May	1	1
Peter McArdle	-	-
Kelsie Clark	-	-

Auditor's independence declaration

The auditor's independence declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2018 has been received and can be found on page 6 of the financial statements.

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

Director: 
Mike McCreadie

Director: 
Gavin Ross Blakey

Dated this 2nd day of November 2018

Engineers Without Borders Australia

Auditors Independence Declaration to the Directors of Engineers Without Borders Australia

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor for the audit of the consolidated Group for the year ended 30 June 2018,

I declare that, to the best of my knowledge and belief there have been no contraventions of:

- (i) 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.

LOWE LIPPMANN
CHARTERED ACCOUNTANTS
Level 7, 616 St Kilda Road.
Melbourne, Victoria 3004


TONY TASSONE
Partner

Signed at Melbourne on 13 November 2018

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Surplus and Deficit and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenues	2	4,425,181	4,416,789
Administration		(32,660)	(70,710)
Advertising and promotion		(9,943)	(46,785)
Consultancy expenses		(136,116)	(112,243)
Employee related expenses		(1,685,463)	(1,910,766)
Information, communications, and technology		(96,734)	(92,308)
Initiatives		(1,208,285)	(1,116,908)
Insurance		(98,273)	(113,077)
Occupancy costs		(207,030)	(232,386)
Professional development		(16,648)	(30,243)
Related loans forgiven		(120,256)	(103,306)
Travel		(317,476)	(331,528)
Volunteer allowance		(202,339)	(226,350)
Surplus for the year		293,958	30,179
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 surplus for the year		293,958	30,179

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,319,321	2,048,833
Trade and other receivables	5	221,346	510,722
Other assets	6	410,569	370,777
TOTAL CURRENT ASSETS		<u>2,951,236</u>	<u>2,930,332</u>
NON-CURRENT ASSETS			
Financial assets	8	500	500
Property, plant and equipment	7	5,155	6,264
TOTAL NON-CURRENT ASSETS		<u>5,655</u>	<u>6,764</u>
TOTAL ASSETS		<u>2,956,891</u>	<u>2,937,096</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	162,823	155,462
Employee benefits	10	109,892	104,650
Other liabilities	11	1,263,556	1,512,925
TOTAL CURRENT LIABILITIES		<u>1,536,271</u>	<u>1,773,037</u>
NON-CURRENT LIABILITIES			
Employee benefits	10	-	6,902
Other liabilities	11	176,022	214,282
Other financial liabilities	12	30,417	22,652
TOTAL NON-CURRENT LIABILITIES		<u>206,439</u>	<u>243,836</u>
TOTAL LIABILITIES		<u>1,742,710</u>	<u>2,016,873</u>
NET ASSETS		<u>1,214,181</u>	<u>920,223</u>
EQUITY			
Retained surplus		<u>1,214,181</u>	<u>920,223</u>
TOTAL EQUITY		<u>1,214,181</u>	<u>920,223</u>

The accompanying notes form part of these financial statements.

Engineers Without Borders Australia

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained surplus	Total
	\$	\$
Balance at 1 July 2017	920,223	920,223
Surplus for the year	293,958	293,958
Balance at 30 June 2018	<u>1,214,181</u>	<u>1,214,181</u>

2017

	Retained surplus	Total
	\$	\$
Balance at 1 July 2016	890,044	890,044
Surplus for the year	30,179	30,179
Balance at 30 June 2017	<u>920,223</u>	<u>920,223</u>

The accompanying notes form part of these financial statements.

Engineers Without Borders Australia

Consolidated Statement of Cash Flows For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Grant and other receipts from operating activities		4,688,920	5,519,846
Payments to suppliers and employees		(4,451,887)	(4,686,077)
Interest received		35,156	20,617
Net cash (used in)/provided by operating activities	14	<u>272,189</u>	<u>854,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		<u>(1,701)</u>	<u>(7,595)</u>
Net cash (used in)/provided by investing activities		<u>(1,701)</u>	<u>(7,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan to Associates		<u>-</u>	<u>(223,561)</u>
Net cash (used in)/provided by financing activities		<u>-</u>	<u>(223,561)</u>
Net increase (decrease) in cash and cash equivalents held		270,488	623,230
Cash and cash equivalents at beginning of year		2,048,833	1,425,603
Cash and cash equivalents at end of financial year	4	<u><u>2,319,321</u></u>	<u><u>2,048,833</u></u>

The accompanying notes form part of these financial statements.

Engineers Without Borders Australia

Notes to the Financial Statements

For the Year Ended 30 June 2018

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) incorporated and domiciled in Australia and Engineers Without Borders Foundation (ABN 25 394 403 069) a controlled entity. The Consolidated Group operates as a not-for-profit organisation.

1 Summary of Significant Accounting Policies

a Basis of preparation

Engineers Without Borders Australia Limited is a company limited by guarantee and applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

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 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.

b Principles of 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.

Both Engineers Without Borders Australia Limited and Engineers Without Borders Foundation have a June financial year end.

c Income tax

The entities in the group are exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*. Accordingly, the Consolidated Group does not record any income tax expense nor deferred income tax balances.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

d Revenue and other income

Revenue for grant and other reciprocal income is recognised as services are performed (via the proportionate delivery of services) or when conditions are fulfilled, and at year-end a liability is recognised for those amounts where conditions are not satisfied. Revenue for non-reciprocal income is recognised when the right to receive the revenue has been established.

Rental income arising from operating leases on subleasing of leased property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

In-kind donations and volunteer support are not included in the financial statements due to uncertainties relating to their reliable measurement which preclude meaningful disclosure.

Other revenue is recognised when received.

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

e 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

f Leases

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

Lease incentives under operating leases are recognised as an asset and a liability. The asset is amortised over the rent free period and the liability is amortised after the rent free period to the end of the lease term.

g Financial instruments

The Group does not engage in complex or sophisticated financial instruments and do not warrant specific and detailed explanatory notes.

h Impairment of assets

At the end of each reporting period, the Consolidated Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Accounting Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Accounting Standard.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

i Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j Property, Plant and Equipment

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

k Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

l 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 and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

m Trade and other receivables

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

n Provisions

Provisions are recognised when there exists a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

o Trade and other payables

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

p Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

q New accounting standards for application in future periods

Accounting Standard and Interpretations issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the Consolidated Group when adopted in future periods, is discussed below:

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Consolidated Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements

For the Year Ended 30 June 2018

		Consolidated	
		2018	2017
		\$	\$
2 Revenue			
- Donations		372,610	472,600
- Earned income		1,699,824	1,595,613
- Grants		1,535,954	1,322,991
- Membership		36,563	42,090
- Interest received		35,156	20,617
- Other income		(290)	18,713
- Sponsorship/Partners		612,020	872,431
- Rental income		133,344	71,734
Total Revenue		4,425,181	4,416,789
3 Result for the Year			
a Expenses			
Occupancy costs		207,030	232,386
Superannuation		138,541	160,161
4 Cash and Cash Equivalents			
Cash on hand		250	250
Cash at bank		2,319,071	2,048,583
	15	2,319,321	2,048,833
5 Trade and Other Receivables			
CURRENT			
Trade receivables		214,653	386,221
GST receivable		624	-
Receivable from associates		-	120,255
Other receivables		6,069	4,246
		221,346	510,722
Financial assets at amortised cost classified as trade and other receivables			
Trade and other receivables:		221,346	510,722
GST receivable		(624)	-
		220,722	510,722

Notes to the Financial Statements

For the Year Ended 30 June 2018

		Consolidated	
		2018	2017
		\$	\$
6 Other assets			
CURRENT			
Prepayments		410,569	342,717
Lease incentive		-	28,060
		<u>410,569</u>	<u>370,777</u>
7 Property, Plant and Equipment			
Computer equipment			
At cost		9,295	7,595
Accumulated depreciation		(4,140)	(1,331)
Total computer equipment		<u>5,155</u>	<u>6,264</u>

(a) Movements in carrying amounts of property, plant and equipment

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

Consolidated	Computer Equipment	Total
	\$	\$
Year ended 30 June 2018		
Balance at the beginning of year	6,264	6,264
Additions	1,701	1,701
Depreciation expense	(2,810)	(2,810)
Balance at the end of the year	<u>5,155</u>	<u>5,155</u>
Year ended 30 June 2017		
Balance at the beginning of year	-	-
Additions	7,595	7,595
Depreciation expense	(1,331)	(1,331)
Balance at the end of the year	<u>6,264</u>	<u>6,264</u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Investments

NON-CURRENT

Investments in associates	15	<u>500</u>	<u>500</u>
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Investments in associates represents a minority interest held in ATEC Australia-International Pty Ltd, a company incorporated in Australia.

9 Trade and Other Payables

CURRENT

Unsecured liabilities

Trade payables	70,974	47,776
GST payable	7,965	55,102
Other payables	83,884	52,584
	<u>162,823</u>	<u>155,462</u>

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

- total current	162,823	155,462
Less:		
GST payable	(7,965)	(55,102)
	<u>154,858</u>	<u>100,360</u>

10 Employee Benefits

CURRENT

Provision for annual leave

Provision for long service leave

104,961	98,503
4,930	6,147
<u>109,891</u>	<u>104,650</u>

NON-CURRENT

Provision for long service leave

-	6,902
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11 Other Liabilities

CURRENT

Deferred grant income

Lease incentive

Deferred income

183,407	508,181
38,260	38,260
1,041,889	966,484
<u>1,263,556</u>	<u>1,512,925</u>

NON-CURRENT

Lease incentive

176,022	214,282
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Notes to the Financial Statements

For the Year Ended 30 June 2018

12 Other financial liabilities

NON-CURRENT

Rental bonds

15	<u>30,417</u>	<u>22,652</u>
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13 Capital and Leasing Commitments

Operating lease commitment as lessee

Non-cancellable operating lease contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- no later than 1 year	198,388	191,680
- between 1 year and 5 years	787,827	836,196
- greater than 5 years	-	150,020
	<u>986,215</u>	<u>1,177,896</u>

The operating lease commitment is a non-cancellable property lease contracted for but not recognised in the financial statements with a seven year term. Increase in operating lease commitment is fixed at the rate of 3.50% per annum.

14 Cash Flow Information

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

Surplus/(deficit) for the year	293,958	30,179
Non-cash flows in surplus / (deficit):		
- depreciation	2,810	1,331
- loan forgiven	120,255	103,306
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	169,120	330,726
- (increase)/decrease in other assets	(39,792)	179,643
- increase/(decrease) in trade and other payables	7,364	(94,583)
- increase/(decrease) in other liabilities	(38,260)	43,061
- increase/(decrease) in deferred income	(249,369)	262,978
- increase/(decrease) in other financial liabilities	7,765	15,171
- increase/(decrease) in employee benefits	(1,662)	(17,426)
Cashflow from operations	<u>272,189</u>	<u>854,386</u>

Notes to the Financial Statements

For the Year Ended 30 June 2018

15 Financial Risk Management

Financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	4	2,319,321	2,048,833
Trade and other receivables	5	220,722	510,722
Investments	8	500	500
Total financial assets		2,540,543	2,560,055

Financial Liabilities

Financial liabilities at amortised cost			
Trade and other payables	9	154,858	100,360
Other financial liabilities	12	30,417	22,652
Total financial liabilities		185,275	123,012

16 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.

Engineers Without Borders Australia

Notes to the Financial Statements For the Year Ended 30 June 2018

17 Related Party Transactions

Key management personnel

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 totals of remuneration paid to key management personnel of the Consolidated Group during the year was \$399,738 (2017: \$485,055).

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 Note 16 Group Operations for further information.

Engineers Without Borders Australia Limited has a minority interest in the shares of ATEC Australia-International Pty Ltd.

The following transactions occurred with related parties:

	Income	Expenses	Balance owed to the company
Associates			
ATEC Australia-International Pty Ltd - Purchases	-	43,636	-
ATEC Australia-International Pty Ltd - Loan forgiven	-	120,255	-

18 Company Details

The registered office and place of business is:

Level 2
90 Maribyrnong Street
Footscray VIC 3011

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.

Engineers Without Borders Australia

Directors' Declaration

In accordance with a resolution of the directors of Engineers Without Borders Australia Limited, we declare that:

1. The consolidated financial statements and notes, as set out on pages 7 to 20, 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 the *Australian Charities and Not-for-Profits Commission Act 2012*; and
 - (b) and gives a true and fair view of the Consolidated Group financial position as at 30 June 2018 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.

Director
Mike McCreadie

Director
Gavin Ross Blakey

Dated this 02nd day of November 2018

Engineers Without Borders Australia

Independent Audit Report to the members of Engineers Without Borders Australia

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Engineers Without Borders Australia (the Company) and its subsidiary (the consolidated Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of surplus and deficit and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the consolidated Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (i) giving a true and fair view of the consolidated Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Qualified Opinion

As is common for not-for-profit organisations, it is not practicable for the Consolidated Group to maintain an effective system of internal control over income including donations and other voluntary income, until their initial entry into the accounting records. Accordingly, our audit on the Consolidated Group's income was limited in this regard and therefore we are unable to express an opinion on whether income including donations and other voluntary revenue is complete.

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 consolidated Group 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 confirm that the independence declaration required by the *Australian Charities and Not-for-Profits Commission Act 2012*, 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 qualified opinion.

Engineers Without Borders Australia

Independent Audit Report to the members of Engineers Without Borders Australia

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 *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 the consolidated 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 consolidated 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.

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 consolidated 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 consolidated 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 consolidated 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.

Engineers Without Borders Australia

Independent Audit Report to the members of Engineers Without Borders Australia

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.

LOWE LIPPMANN
CHARTERED ACCOUNTANTS
Level 7, 616 St Kilda Road
Melbourne Victoria 3004



TONY TASSONE
Partner

Signed at Melbourne on 13 November 2018

Liability limited by a scheme approved under Professional Standards Legislation