



CARE AUSTRALIA

ABN 46 003 380 890

FINANCIAL REPORT

For the year ended 30 June 2022

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DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2022.

Board of Directors

The names of the Board Members in office during the financial year are as follows.

<i>Chairperson</i>	Marcus Laithwaite (from 6 March 2020, Board member from 21 July 2017)
<i>Treasurer</i>	Joseph Tesvic (from 6 March 2020, Board member from 6 September 2016)
<i>Board Members</i>	David Feetham (from 25 November 2013 to 30 November 2021) Dr Phoebe Wynn-Pope (from 26 October 2018) Diana Nicholson (from 26 July 2019) Peter Varghese AO (from 26 July 2019) Joanne Thomson (from 20 May 2021) Morgana Ryan (from 20 May 2021)
<i>Non-voting Board Observer</i>	Moana Leilua (from 19 Jan 2022)

Directors' Report Cont'd

As at the date of this report, CARE Australia (the Company) had the following standing committees: Executive Committee; International Programs and Operations Committee; Finance and Risk Committee; People Committee; Fundraising and Marketing Committee. In addition, CARE Australia also had the following special committee: the Governance and Nominations Committee of the Board of Directors. Apart from the Executive Committee, the Chairperson attends committee meetings at his discretion.

The members of the International Programs and Operations Committee during the 2021-22 financial year were Dr Phoebe Wynn-Pope (Chair), Mr Marcus Laithwaite, Mr Peter Varghese AO, Mr David Feetham and Ms Joanne Thomson.

The members of the Finance and Risk Committee during the 2021-22 financial year were Mr Joseph Tesvic (Chair), Mr Marcus Laithwaite, Ms Joanne Thomson and Ms Diana Nicholson.

The members of the People Committee during the 2021-22 financial year were Ms Diana Nicholson (Chair), Ms Morgana Ryan and Mr Marcus Laithwaite.

The members of the Fundraising and Marketing Committee during the 2021-22 financial year were Mr Marcus Laithwaite (Chair), Mr David Feetham, Mr Joseph Tesvic, Ms Morgana Ryan and Ms Natalie Kyriacou OAM (committee member only).

The Governance and Nominations Committee did not meet during the 2021-22 financial year.

Directors' Report Cont'd

Standing Committee Meetings Attendance

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Director	Board Meetings		Meetings of Committees							
			International Programs & Operations		People		Finance & Risk		Fundraising & Marketing	
	A	B	A	B	A	B	A	B	A	B
Marcus Laithwaite	5	5	0	0	4	4	4	4	4	4
Joanne Thomson	5	5	5	5	0	0	4	3	1	1
Joseph Tesvic	5	5	0	0	0	0	4	4	4	4
Dr Phoebe Wynn-Pope	5	5	5	5	0	0	0	0	0	0
David Feetham	3	3	2	2	0	0	0	0	2	1
Diana Nicholson	5	5	0	0	4	4	4	4	0	0
Peter Varghese AO	4	4	4	4	0	0	0	0	0	0
Morgana Ryan	5	5	0	0	4	4	0	0	3	3
Moana Leilua*	2	2	3	3	1	0	1	1	1	1

A – the number of meetings the Director was eligible to attend during the year

B – the number of meetings attended

* Non-voting Board Observer

Directors' Report Cont'd

Objectives

The objects of the Company as set out in the Constitution are:

- (a) to provide resources, disaster and emergency relief, technical assistance, training and self-help programs (as the Board considers appropriate to the needs and priorities of particular locations and communities):
 - (i) to relieve poverty, malnutrition, hunger, illness, illiteracy and discrimination; and
 - (ii) to strengthen the capacity for self-help and to provide economic opportunity;
- (b) to work with other autonomous national and international organisations having (or having objectives which include) similar objectives to those in article 2(a) of the Constitution;
- (c) to do all other things as may be incidental or ancillary to the attainment of these objects.

In support of the objects of the Company, in 2021 CARE Australia outlined a new strategic ambition, "Supporting Women, Defeating Poverty", focused on maximising our impact across three domains: gender, climate and economic justice. We are targeting our efforts mostly to Asia-Pacific, working in partnership with local communities, organisations and governments to ensure women: 1) have equal opportunities to earn an income and have sustainable livelihoods; 2) gain access to their fair share of resources; 3) lead and participate in decisions that affect their lives; and 4) have the resilience to withstand the increasing impacts of climate disasters and other crises and shocks.

Principal Activities

The principal activities of the Company during the year were to manage humanitarian, development and emergency aid programs and to promote improved living standards and the advancement of education among the world's poor. There was no significant change in the nature of these activities during the year.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation or law of the Commonwealth or State of New South Wales.

Directors' Report Cont'd

Operating Results

CARE Australia recorded a deficit of \$0.5m in 2021/22, comprising a \$2.5m surplus on continuing operations and a \$3m deficit on discontinued operations. As part of its strategic plan, in 2021/22 the Company commenced the transition of management oversight of its four offices in the Mekong river region (Cambodia, Laos, Myanmar and Vietnam) to CARE USA. This will provide the Company the opportunity to enhance the impact of country office operations. The financial performance and position of these offices has been separately disclosed in the financial statements to enable a better understanding of the Company's ongoing operating result. The operating result for 2021/22 includes a \$2m provision to ensure the smooth management transition of these operations, including resources for program quality, staff management and cyber security. More details of these items are at note 5.

The Company was fortunate to receive continued support from the Australia public and recorded a year on year increase in donations from continuing operations of \$1m to \$12.3m. Support for emergencies in Afghanistan, Tonga and Ukraine contributed to this increase. Grant income from continuing operations reduced by \$1.8m from the previous year, largely due to the completion of several large grants during the year to help combat COVID-19. Overall income from continuing operations decreased by \$3.6m from the prior year, including a \$2.3m reduction in investment income due to poorer investment performance than the previous year. This reduction was in line with overall investment market performance.

Expenditure on continuing operations decreased by \$0.5m compared to the previous year. This was partly as a result of less grant funding available to spend on our international programs. We did offset some of this with intentional investment in our organisational capacity to deliver on our strategic plan. This has included employing new roles in climate justice and women's economic justice, improving the mechanisms that we have in place to safeguard vulnerable people, upgrading our donor database and our financial software, and transitioning our regular giving model away from face-to-face acquisition. This investment will continue into 2022/23 so that we are well positioned to deliver on our strategic commitments.

Performance Measures

The Company measures its performance in many ways, including:

- Monitoring and evaluating individual projects and our overarching program.
- Compliance with donor requirements, including institutional accreditation by the Department of Foreign Affairs and Trade (DFAT).
- Assessment against the Australian Council for International Development (ACFID) Code.
- Growth in income from the Australian public, DFAT and the Australian Government, CARE International members, foreign governments and overseas based organisations, and from investments.
- Managing the costs of fundraising and administration at a reasonable proportion of total income.

Directors' Report Cont'd

Performance Measures cont'd

Management and the Board also monitor the Company's overall performance, which includes an assessment of achievements against the organisation's strategic plan, as well as monitoring performance of the Company against the annual operating plan and financial budget.

Review of Operations

The year has seen the continuation of delivery of development assistance programs in South Asia and South East Asia, the Middle East, the Pacific and Africa.

Significant Changes in the State of Affairs

As mentioned in the Operating Results section, the Company is in the process of transitioning the management oversight of its four offices in the Mekong river region (Cambodia, Laos, Myanmar and Vietnam) to CARE USA. Apart from this, there were no significant changes in the state of affairs of the Company.

Employees

As at 30 June 2022, the Company employed 87 staff (2021: 83 staff) on Australian contracts and 681 staff (2021: 732 staff) on contracts entered into in other countries including Cambodia, Laos, Myanmar, Papua New Guinea, Timor-Leste, Vanuatu and Vietnam.

Matters Subsequent to the end of the Financial Year

Apart from matters disclosed in Note 9 to the financial statements, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect:

- i. the operations of the Company;
- ii. the results of those operations; or
- iii. the state of affairs of the Company.

Indemnification and Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and Officers of CARE Australia against costs incurred in defending proceedings for conduct involving a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total insurance premiums paid were \$17,103 (2021: \$15,585). This amount is disclosed in Note 11 to the financial statements.

Dividends

The Company is prohibited by its Constitution from declaring or paying any dividends.

Directors' Report Cont'd

Likely Developments

Project operations are expected to continue in South Asia and South East Asia, Africa, the Middle East and Pacific Regions, supported by funding from the Australian public, the Australian Government, CARE International members and multilateral and bilateral sources.

Auditor Independence

The Directors received a declaration of independence from the auditor of the Company, which is attached to this report.

Non-Audit Services

The Company's auditor, Ernst & Young did not perform any non-audit services during the reporting period.

Particulars of Directors

CHAIR FROM MARCH 2020

TREASURER FROM 2017 TO MARCH 2020

Marcus Laithwaite

Director since 2017.

Partner, PwC Australia; Chair of CARE International's Governance and Nominations Committee.

Formerly – Chair of ChildFund Australia, Director of the PwC Foundation, Board member and Treasurer of the European Australian Business Council and Chair of the Finance & Audit Committee of Sydney Living Museums.

TREASURER FROM MARCH 2020

Joseph Tesvic

Director since 2016.

Senior Partner, McKinsey & Company. Leader of McKinsey's Operations Improvement Practice for Asia-Pacific and Consumer Practice for Australia and New Zealand.

MEMBERS

Diana Nicholson

Director since 2019

Senior Partner, King & Wood Mallesons; Board Member, King & Wood Mallesons Community Impact Board; Member and Acting President, Takeovers Panel; Trustee, Melbourne and Olympic Parks.

Directors' Report Cont'd

Particulars of Directors (cont'd)

Peter Varghese AO

Director since 2019.

Chancellor of The University of Queensland. Director, North Queensland Airports; Chair, Asialink Advisory Council; Chair, Editorial Advisory Board, Department of Foreign Affairs and Trade Historical Documents Series; Member, International Governing Board of the Rajaratnum School of International Studies in Singapore; Counsellor, Dragoman Global.

Formerly – Secretary, Department of Foreign Affairs and Trade; High Commissioner to India; High Commissioner to Malaysia; Director-General, Office of National Assessments; Senior Advisor (International) to the Prime Minister of Australia.

Dr Phoebe Wynn-Pope

Director since 2018

Head of Responsible Business and ESG, Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth. Member, University of New South Wales Australian Human Rights Institute Advisory Committee; Ambassador for the Community Refugee Sponsorship Australia; Graduate Member, Australian Institute of Company Directors.

Formerly – Founding Director, Humanitarian Advisory Group; Director, International Humanitarian Law and Movement Relations at Australian Red Cross.

Morgana Ryan

Director since 2021.

The Board Chair of Infoxchange, Board Director of Wodonga Institute of TAFE. Fellow of the Australian Institute of Company Directors. Co-Author, Building a Better International NGO and Navigating Change for International NGOs.

Formerly - Chair of Connecting Up.

Joanne Thomson

Director since 2021.

Co-Founder and Lead Advisor with Learning4Development Pty Ltd. Master of International Public Health and Graduate Diploma in International Social Development. Board Director, Accountable Now (Berlin).

Formerly- Board Director and Vice Chair, ChildFund Australia; Independent Review Panel, GAVI.

Directors' Report Cont'd

Particulars of Directors cont'd

OBSERVER MEMBER (NON-VOTING)

Moana Leilua

Non-voting observer since 2022.

Moana is a sports management professional, currently working with the Rugby Union Players Association and the Melbourne Rebels, and has extensive professional and voluntary experience supporting Pasifika youth. Masters of Business Administration.

COMPANY SECRETARY

Louise Gray

Company Secretary from 2016 to Jan 2022.

Chair, Epilepsy ACT; Director, Epilepsy Australia; Director, Havelock Housing Association.

Formerly – First Assistant Secretary and Chief Finance Officer, Department Immigration and Citizenship, Deputy Chief Executive Officer, Carers ACT; ACT State Manager, National Disability Services.

Sue Cunningham

Company Secretary since Jan 2022.

Formerly - Chair of The Community Grocer (a social enterprise); member Victorian Government Bushfire Appeal Advisory Panel; member Australian Red Cross Bushfire Advisory Panel; member Baptistcare Transformation Board Sub-Committee; member Quality & Risk Board Sub-Committee, Metropolitan Ambulance Service; member Ministerial Committee for Emergency Services Telecommunications (Vic Government)

Graduate Member, Australian Institute of Company Directors; Bachelor of Electrical and Electronic Engineering; Bachelor of Arts; Graduate Diploma in Business Management.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit, other than as disclosed in Note 11 to the financial statements.

Directors' Report Cont'd

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads "M. Laithwaite".

Marcus Laithwaite
Chair

A handwritten signature in blue ink that reads "J. Tesvic".

Joseph Tesvic
Treasurer

17 November 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

		2022	2021
		\$	\$
REVENUE	<i>Note</i>		
Revenue			
Donations Monetary	3	11,594,303	9,820,805
Donations Non-monetary	3	299,417	344,253
Bequests and Legacies	3	443,865	1,134,982
Total Revenue from Donations and Bequests		12,337,585	11,300,040
Revenue from contracts with customers (Grants and Contracts)			
Department of Foreign Affairs and Trade	3	5,138,257	6,662,096
Other Australian Grants and Contracts	3	18,974,080	18,741,174
Overseas Grants and Contracts	3	15,471,902	15,945,468
Total Revenue from contracts with customers		39,584,239	41,348,738
Investment (loss)/income	3	(695,266)	1,555,857
Other income	3	278,086	856,221
Total revenue and income	3	51,504,644	55,060,856
EXPENDITURE			
International programs			
Funds to international programs	4(a)(i)	36,794,684	39,893,930
Program support costs	4(a)(ii)	3,121,275	2,174,010
Community education	4(a)(iii)	1,324,788	1,082,352
Fundraising costs			
Public	4(a)(iv)	3,529,114	2,864,065
Government, multilateral and private	4(a)(v)	544,893	370,628
Accountability and administration	4(a)(vi)	3,422,487	2,872,082
Non-monetary expenditure – Australian based		299,417	344,253
Total expenditure		49,036,658	49,601,320
NET SURPLUS FROM CONTINUING OPERATIONS		2,467,985	5,459,536
COMPREHENSIVE INCOME/(EXPENDITURE)			
Discontinued Operations			
(Deficit) for the year from Discontinued Operations		(2,960,498)	(551,679)
Other comprehensive income		-	-
Total comprehensive (expenditure) for the year		(2,960,498)	(551,679)
NET (DEFICIT)/SURPLUS AFTER COMPREHENSIVE INCOME/(EXPENDITURE)		(492,513)	4,907,857

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	6(a)	25,414,749	24,681,612
Term deposits	6(b)	2,000,000	8,000,000
Prepayments		456,109	860,640
Project advances	6(c)	2,915,435	5,962,563
Trade and other receivables	6(d)	5,270,522	5,646,121
		36,056,815	45,150,936
Assets held for sale	5	6,165,208	-
TOTAL CURRENT ASSETS		42,222,023	45,150,936
NON-CURRENT ASSETS			
Other non-current financial assets	6(b)	385,278	276,378
Property, plant and equipment	7(a)	990,987	1,052,715
Right of Use Assets	7(e)	2,119,838	2,246,013
Investments	6(b)(e)	11,638,319	11,791,485
TOTAL NON-CURRENT ASSETS		15,134,422	15,366,591
TOTAL ASSETS		57,356,445	60,517,527
CURRENT LIABILITIES			
Trade and other payables	6(f)	3,967,069	2,622,312
Provisions	7(b)	2,735,728	3,287,036
Lease liabilities	7(e)	513,425	623,612
Contract liabilities	7(c)	19,863,085	31,937,428
		27,079,307	38,470,388
Liabilities directly associated with the assets held for sale	5	8,951,619	-
TOTAL CURRENT LIABILITIES		36,030,926	38,470,388
NON-CURRENT LIABILITIES			
Provisions	7(b)	386,468	446,843
Lease liabilities	7(e)	1,666,937	1,835,669
TOTAL NON-CURRENT LIABILITIES		2,053,405	2,282,512
TOTAL LIABILITIES		38,084,331	40,752,900
NET ASSETS		19,272,114	19,764,627
EQUITY			
General reserve		17,368,025	19,674,346
Specific purpose reserve		1,661,787	1,133,110
Foreign currency reserve		242,302	(1,042,829)
TOTAL EQUITY		19,272,114	19,764,627

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Statement of Changes in Equity	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2021	19,674,346	1,133,110	(1,042,829)	19,764,627
Net operating surplus for the year	(2,306,321)	528,677	1,285,131	(492,513)
Other comprehensive income for the year	-	-	-	-
Amounts transferred (to)/from reserves	-	-	-	-
Balance at 30 June 2022	17,368,025	1,661,787	242,302	19,272,114

For the year ended 30 June 2021

Statement of Changes in Equity	General Reserve	Specific Purpose Reserve	Foreign Currency Reserve	Total
Balance at 1 July 2020	15,062,680	484,576	(690,485)	14,856,771
Net operating surplus for the year	4,611,666	648,534	(352,344)	4,907,856
Other comprehensive income for the year	-	-	-	-
Amounts transferred (to)/from reserves	-	-	-	-
Balance at 30 June 2021	19,674,346	1,133,110	(1,042,829)	19,764,627

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	2022	2021
Note	\$	\$
Cash flows from operating activities		
Cash receipts from public donations	12,037,610	10,957,173
Grants and contract receipts	51,375,461	64,658,552
Interest received	12,061	374,320
Other income	427,345	959,795
Payments to suppliers and employees	(66,154,575)	(68,713,683)
Net cash flows (used in)/from operating activities	(2,302,098)	8,236,157
Cash flow from investing activities		
Payments for property, plant and equipment	(400,763)	(484,798)
Proceeds from sale of property, plant and equipment	57,542	30,586
Net cash from sale of investments	5,339,578	736,580
Net cash flows from investing activities	4,996,357	282,368
Cash flow from financing activities		
Payments for lease principal and interest	(1,040,246)	(952,118)
Net cash flows (used in) financing activities	(1,040,246)	(952,118)
Net (decrease)/increase in cash held	1,654,013	7,566,407
Net foreign exchange differences	2,832,714	(2,059,426)
Cash and cash equivalents at the beginning of the year	24,681,612	19,174,631
Cash and cash equivalents at the end of the year	6(a) 29,168,339	24,681,612

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation

1. Corporate information
2. Basis of preparation and significant accounting policies

How the numbers are calculated

3. Revenue
4. Expenses
5. Discontinued operations
6. Financial assets and liabilities
7. Non-financial assets and liabilities
8. Reserves

Other information

9. Events subsequent to the reporting date
10. Contingencies
11. Related party transactions
12. Key management personnel
13. Remuneration of auditors
14. Information required by *NSW Charitable Fundraising Act 1991*
15. Information required by *Australian Council For International Development (ACFID)*

Notes to the Financial Statements - 30 June 2022

BASIS OF PREPARATION

Note 1 Corporate information

The financial report of CARE Australia (the Company) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors dated 17 November 2022.

The principal activities of the Company during the year were to manage humanitarian and development programs and to promote improved living standards and the advancement of education among the world's poor. There was no significant change in the nature of these activities during the year.

CARE Australia is a Company limited by guarantee incorporated in Australia. The Company is a registered charity with the Australian Charities and Not-for-Profits Commission and holds deductible gift recipient status and is exempt from income tax.

National Office
Ground Floor,
243 Northbourne Avenue
Lyneham ACT 2612
Phone (02) 6279 0200
Fax (02) 6257 1938

The nature of the operations and principal activities of the Company are described in the Directors' Report.

a. *Liability of members*

As at 30 June 2022 there were seven full members guaranteeing to contribute up to \$100 each in the event of the Company being wound up.

Note 2a Basis of preparation

The financial report is a single entity general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation)*. The financial statements have been prepared under the simplified disclosure standard *AASB1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for the first time. There is no change to reported numbers, however some disclosures have been changed.

The financial report has been prepared on a historical cost basis, except investments held at fair value through profit or loss, which have been measured at fair value. The financial report has been prepared on the basis that CARE Australia is a not-for-profit entity. The financial report is presented in Australian Dollars (\$). This is the functional and presentation currency of the Company.

The financial report has been prepared in compliance with the Australian Council for International Development (ACFID) Code of Conduct. For more information about the Code of Conduct, refer to <https://acfid.asn.au/content/read-code>.

Notes to the financial statements cont'd

Note 2b Significant accounting policies

i. Foreign currencies

Translation of foreign currency transactions and balances

Fund transfers in foreign currencies are converted to Australian dollars at the rate of exchange ruling at the date of the transaction. All other foreign currency transactions are translated using an average monthly exchange rate.

At the end of each month, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the last day of the month and their statements of profit or loss are translated at an average monthly exchange rate.

Foreign denominated monetary balances in the Statement of Financial Position are translated at the spot rate at 30 June when applicable with exchange differences being taken to the Statement of Profit or Loss and Other Comprehensive Income as revenue or expense.

ii. Income tax and other taxes

The Company is exempt from income tax pursuant to Subdivision 50B of the *Income Tax Assessment Act, 1997*.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the financial statements cont'd

Note 2b Significant accounting policies cont'd

iii. *Significant accounting judgements, estimates and assumptions*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

This note provides an overview of the areas that involve a degree of judgement or complexity. Detailed information about estimates and judgements exercised and the basis for calculation is included in the relevant notes referenced below.

The areas are:

- Revenue recognition (Note 3)
- Fair value measurement of financial instruments (Note 6e)
- Useful life assessment of property, plant and equipment (Note 7a)
- Valuation and impairment of non-financial assets (Note 7a)
- Provision for employee benefits (Note 7b)
- Provision for make good of leases (Note 7b)

Management bases its judgements and estimates on historical experiences and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from estimates under different assumptions and conditions; however, these will not materially affect the financial results or the financial position reported in future periods.

iv. *Changes in accounting policy and disclosures*

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 30 June 2022. Management are in the process of assessing the impact of the applications of these standards and its amendments to the extent relevant to the financial statements of the Company.

Management updated its classification of expenditure items in the Statement of Profit or Loss and Other Comprehensive Income during the financial year to ensure continued compliance with the ACFID Code of Conduct. Classifications of prior year comparatives have also been updated.

Notes to the Financial Statements - 30 June 2022

HOW THE NUMBERS ARE CALCULATED

This section of the notes provides additional information about those individual line items in the financial statements that directors consider most relevant in the context of the operations of the Company, including:

- (a) Accounting policies that are relevant for an understanding of the items recognised in the financial statements;
- (b) Analysis and subtotals; and
- (c) Information about estimates and judgements made in relation to particular items.

- 3. Revenue
- 4. Expenses
- 5. Discontinued Operations
- 6. Financial assets and liabilities
- 7. Non-financial assets and liabilities
- 8. Reserves

Notes to the financial statements cont'd

Note 3 Revenue from continuing operations

The following provides a further breakdown of CARE Australia's revenue from continuing operations by category of revenue and source:

	2022	2021
	\$	\$
Income applied to AASB1058		
REVENUE		
Donations		
Donations Monetary	11,594,303	9,820,805
Donations Non Monetary	299,417	344,253
Bequests and Legacies	443,865	1,134,982
Total donations	12,337,585	11,300,040
JobKeeper support	-	682,500
Other income	278,086	173,721
Other income	278,086	856,221
Income applied to AASB15		
Revenue from contracts with customers (Grants and Contracts)		
Department of Foreign Affairs and Trade (DFAT)	5,138,257	6,662,096
Other Australian Government departments	2,348,692	3,468,002
Non-government organisations including managing contractors (funding source: DFAT)	15,327,835	14,716,146
Non-government organisations (funding source: non-DFAT)	1,018,947	441,268
Other Australian organisations	278,606	115,758
Total other Australian grants and contracts	18,974,080	18,741,174
CARE International members	9,479,183	10,151,915
Multilateral agencies	3,394,187	3,467,452
Foreign governments and overseas based organisations	2,598,532	2,326,101
Total other overseas grants and contracts	15,471,902	15,945,468
Totals Revenue from contracts with customers (Grants and Contracts)	39,584,239	41,348,738
Income applied to AASB9		
Interest income	9,421	65,445
Dividends	535,795	306,361
Fair value gain/(loss) on investments	(1,240,482)	1,184,051
Total investment income	(695,266)	1,555,857
Total revenue and other income	51,504,644	55,060,856

Notes to the financial statements cont'd

Note 3 Revenue (continued)

a. Revenue recognition

(i) Grants, contracts and donations

CARE Australia is a non-profit organisation and receives a principal part of its funds from grants, contracts, bequests and donations. The Company receives both unrestricted and restricted funding, which are treated differently for the purposes of revenue recognition as follows:

- *Donations - Monetary* are received from donors who do not impose restrictions on the use of the funds. Consequently, there is no time restriction imposed as to when the funds can be used so the donations are recognised as revenue on receipt in the accounting records.
- *Revenue from contracts with customers (Grants and contracts)* are received from donors with specific requirements as to what project the funds are to be spent on. Where donor directions impose specific restrictions on fund usage and funds may be required to be repaid, the income is initially recorded as a current liability under contracts liabilities and recognised as revenue when expended. Restricted donations with general donor requirements are recognised as revenue on receipt in the accounting records. Any contract liabilities are held in a specific purpose reserve for use in future years.
- *Bequests* are received from deceased person's will. As there are no terms established between CARE Australia and the estate, that is within the scope of AASB1058 and recognised as revenue on receipt.

(ii) Donations Non Monetary

Revenue in respect of donated goods and services is recognised at the time that the goods or services are supplied to CARE Australia or our beneficiaries and where the value of the goods or services can be reliably measured.

(iii) Interest income

Interest is recognised on an accrual basis when the Company has a right to receive the interest payment.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Note 4 Expenses

a. Classification of expenses

The classification of expenses in the Statement of Comprehensive Income is in accordance with the requirements set out in the *ACFID Code of Conduct*. For further information on the Code, please refer to the *ACFID Code of Conduct Guidance* available at <https://acfid.asn.au/content/financial-definitions>.

(i) Funds to international programs

Funds to international programs relate to funds and gifts in kind actually remitted overseas to aid and development projects, plus the cost of remitting those funds.

Notes to the financial statements cont'd

Note 4 Expenses (continued)

These costs may include (but are not limited to):

- Salaries of program staff or volunteers' costs working overseas, which might be paid from Australia,
- The cost of acquiring property, plant and equipment in Australia which is then sent overseas,
- Costs of programs implemented by international partners,
- Administration costs of overseas field offices or program partners, and
- Program expenditure (excluding secretariat fees) funded via international secretariats.

(ii) Program support costs

Program support costs include the direct cost of project management spent in Australia, including project design, monitoring and evaluation and project management. It includes the training and professional development of Australian based staff and volunteers involved in the effective management of international projects. It also includes the salaries of program support staff paid in Australia.

(iii) Community Education

Community Education includes all costs related to advocacy, informing and educating the Australian community of, and inviting their active involvement in, global justice, development and humanitarian issues. This includes the cost of producing and distributing materials, the cost of conducting educational and public policy activities and campaigns, and the cost of personnel involved in these activities.

(iv) Fundraising costs - Public

Fundraising costs - Public includes all costs related to the purpose of raising revenue from the public. Items include:

- The production and distribution of fundraising materials,
- The cost of promotional or marketing campaigns,
- The costs of establishing and maintaining public donor databases,
- Funds paid to third parties to provide fundraising services,
- Donation related bank fees, and
- The cost of personnel involved in preparing and conducting marketing and fundraising campaigns.

(v) Fundraising costs – Government, multilateral and private sector

Fundraising costs - Government, multilateral and private sector includes the costs of personnel and related expenses involved in the preparation of funding submissions for, and reporting against, grants from government, multilateral organisations, corporate and philanthropic organisations.

(vi) Accountability and administration

Accountability and Administration costs include costs (not able to be allocated to a program activity) associated with the overall operational capability of the organisation. These costs include (but are not limited to):

- audit and accounting services,
- staff salaries,
- legal fees,
- memberships and subscriptions,
- CARE International secretariat fees,

Notes to the financial statements cont'd

Note 4 Expenses (continued)

- office accommodation expenses (rent, maintenance, depreciation, utilities, etc.),
- bank charges (not donation related), and
- general staff training.

b. Specific expenses for the year from continuing operations

The following items are significant to the financial performance of the Company or are relevant to interpreting other notes in the financial statements:

	2022	2021
	\$	\$
Employee benefits expense	23,980,942	22,912,005
Depreciation expense	1,046,197	712,239

Note 5 Discontinued Operations

Mekong region operations transition to Care USA

On 1 June 2022, CARE Australia's Board approved the proposal to transition the Mekong region country offices to oversight by CARE USA. Transition of oversight of the Cambodia and Vietnam operations are expected on 31 December 2022 and of Laos and Myanmar operations on 30 June 2023. As at 30 June 2022, the Mekong region operations were classified as a disposal group held for sale and as a discontinued operation. In addition a provision has been raised as at 30 June 2022 for costs associated with ensuring a smooth transition of management oversight to CARE USA. The total of this expense was recognised in discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income

The major classes of assets and liabilities of the Mekong region operations classified as held for sale as at 30 June 2022 are as follows:

	2022
	\$
Assets	
Cash and cash equivalents	3,753,590
Prepayments	291,676
Project Advances	962,939
Trade and other receivables	914,974
Property, plant and equipment	79,749
Right of use assets	162,280
Assets held for sale	6,165,208
Liabilities	
Trade and other payables	632,048
Provisions	2,512,940
Lease liabilities	185,868
Unexpended project funds	5,620,763
Liabilities directly associated with the assets held for sale	8,951,619
Net assets/ (liabilities) directly associated with disposal group	(2,786,411)

Notes to the financial statements cont'd

Note 5 Discontinued Operations (continued)

There were \$442,448 of net operating cash outflows, \$8,413 of net investing cash outflows and \$141,878 of net financing cash outflows from discontinued operations for the financial year. The net increase in cash from discontinued operations was \$292,157 for the financial year.

Note 6 Financial assets and liabilities

This note provides information about the Company's financial instruments, including:

- an overview of all financial instruments held by the Company,
- specific information about each type of financial instrument,
- accounting policies, and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

a. Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	349,939	609,807
Cash at bank	24,772,263	23,766,504
International revolving fund	292,547	305,301
Total cash related to continuing operations	25,414,749	24,681,612
Cash related to discontinued operations	3,753,590	-
Total cash and cash equivalents	29,168,339	24,681,612

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days from acquisition, net of any outstanding bank overdrafts. The International revolving fund is the contribution to the CARE International fund to support confederation-wide activity. Cash at bank earns interest at floating rates based on market daily deposit rates.

b. Financial Instruments

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

Financial assets at amortised cost

This category is the most relevant to the Company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements cont'd

Note 6 Financial assets and liabilities (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised as profit or loss when the asset is derecognised, modified or impaired. The company's financial assets at amortised cost includes trade and other receivables and term deposits in the statement of financial position.

Investments held at fair value through Profit or Loss

Investments in Managed Funds are designated by the Company as fair value through profit or loss upon initial recognition, the rationale being the performance of these managed funds is evaluated on a fair value basis in accordance with the Board's investment strategy. Gains or losses on managed funds designated at fair value through the statement of comprehensive income are recognised as fair value gains or losses in the Statement of Profit or Loss and other Comprehensive Income.

Investments at fair value consist of investments in Australian equities, managed funds and unit trusts and generally have no fixed maturity date. During the year ended 30 June 2022, the fair value of the investments decreased by \$1,240,482 (2021: increased \$1,184,051) based on the published prices for each Australian equity holding, managed fund or unit trust as at 30 June.

c. Project advances

Project advances represent amounts prepaid to CARE Member Partners to implement projects in accordance with Individual Project Implementation Agreements or to CARE staff in the field. Advances are normally acquitted within 12 months for CARE Member Partners or one month for CARE staff.

d. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	4,520,854	4,183,061
GST receivable	420,890	306,623
CARE International Members	97,445	92,812
Contracts asset project funds receivable	235,333	1,091,201
	5,274,522	5,673,697
Allowance for expected credit losses	(4,000)	(27,576)
Total trade and other receivables (net)	5,270,522	5,646,121

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any allowance for expected credit losses. Trade and other receivables are generally due for settlement within 30 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Contracts asset project funds receivable

Project Funds Receivable represents amounts due to CARE Australia under project agreements where CARE Australia has pre-funded project expenditure. Amounts receivable are supported by project agreements and carried at nominal amounts due at balance date and are normally recovered within three months.

Notes to the financial statements cont'd

Note 6 Financial assets and liabilities (continued)

e. Investments

	2022	2021
	\$	\$
Listed investments at fair value through profit or loss in:		
Investment trusts	11,638,319	11,791,485
	11,638,319	11,791,485

Investments in 2022 were managed by Koda Capital on behalf of CARE Australia. Koda Capital managed a variety of investments which generate a return based on income from those investments and changes in the market value of investments. CARE Australia's investments managed by Koda Capital could generally be redeemed on an at-call basis at the market value of investment at the date of redemption less certain fees and charges. A small portion of the investments are less liquid and can be redeemed at set time periods for the market value of the investment less certain fees and charges.

f. Trade and other payables

	2022	2021
	\$	\$
Current		
Trade creditors	3,084,126	1,036,048
Accruals	379,725	529,863
Other creditors	224,522	840,445
Accrued salary payments	278,696	215,956
	3,967,069	2,622,312

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade liabilities are normally settled on 30 day terms.

Note 7 Non-financial assets and liabilities

This note provides information about the Company's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
 - property, plant and equipment (note 7(a))
 - provisions (note 7(b))
 - unexpended project funds (note 7(c))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

Notes to the financial statements cont'd

Note 7 Non-financial assets and liabilities (continued)

a. Property, plant and equipment

	Leasehold Improve'ts \$	Plant & Equipment \$	Computer Systems \$	Motor Vehicles \$	Assets Held For Sale \$	Total \$
Cost						
As at 30 June 2020	1,295,565	908,273	2,372,424	1,234,608	-	5,810,870
Additions	-	27,847	162,707	294,244	-	484,798
Disposals	-	(26,227)	(111,946)	(45,743)	-	(183,916)
Adjustments	(2,669)	8	1	5,263	-	2,603
As at 30 June 2021	1,292,896	909,901	2,423,186	1,488,372	-	6,114,355
Additions	134,820	5,617	144,591	115,735	-	400,763
Disposals	(50,296)	(4,462)	(9,120)	(93,825)	-	(157,703)
Adjustments	-	(1)	(1)	-	-	(2)
Movement to assets held for sale	(113,530)	(316,688)	(564,432)	(545,257)	1,539,907	-
At 30 June 2022	1,263,890	594,367	1,994,224	965,025	1,539,907	6,357,413
Depreciation and impairment						
As at 30 June 2020	(763,994)	(875,316)	(2,165,412)	(1,027,828)	-	(4,832,550)
Depreciation charge for the year	(129,745)	(24,822)	(150,098)	(82,897)	-	(387,562)
Disposals	-	24,037	110,002	24,433	-	158,472
As at 30 June 2021	(893,739)	(876,101)	(2,205,508)	(1,086,292)	-	(5,061,640)
Depreciation charge for the year	(97,446)	(8,203)	(126,966)	(92,584)	-	(325,199)
Disposals	51,004	(6,868)	18,938	37,088	-	100,162
Movement to assets held for sale	108,893	314,318	544,790	492,157	(1,460,158)	-
As at 30 June 2022	(831,287)	(576,853)	(1,768,746)	(649,631)	(1,460,158)	(5,286,677)
Net book value						
At 30 June 2021	399,157	33,800	217,678	402,080	-	1,052,715
At 30 June 2022	432,602	17,513	225,478	315,394	79,749	1,070,736

Notes to the financial statements cont'd

Note 7 Non-financial assets and liabilities (continued)

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided on a straight line basis at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives to the Company.

Major depreciation periods are:

	2022	2021
Plant and equipment	4-5 years	4-5 years
Computer systems	3-5 years	3-5 years
Motor vehicles	3-5 years	3-5 years
Leasehold improvements	the lease term	the lease term

Impairment

The carrying values of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Company was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in revenue or expenses in the year the asset is derecognised.

b. Provisions

	2022	2021
Current	\$	\$
Employee benefits	2,459,381	3,230,045
Other provisions	276,347	56,991
	2,735,728	3,287,036
Non-Current		
Employee benefits	178,488	193,863
Make good provision	207,980	252,980
	386,468	446,843

Provisions are recognised when the Company has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of a past transaction or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements cont'd

Note 7 Non-financial assets and liabilities (continued)

Employee benefits are comprised of:

Wages, salaries, superannuation and annual leave.

Provision is made for employee entitlement benefits accumulated as a result of services rendered by employees up to the reporting date. Employee benefits expected to be settled within one year have been measured at their nominal amount based on remuneration rates, which are expected to be paid when the liability is settled. Contributions are made by the Company to the Superannuation Funds nominated by employees and are charged as expenses when incurred.

Long service leave

The provision for long service leave is measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yields as at the reporting date of national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Make good provision

The lease agreement for the office premises in Melbourne includes a make good clause to return the leased premises to its original condition at the conclusion of the lease period. It is considered that this make good arrangement is likely to be exercised and the amount can be reliably determined. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to refurbish the leased space and the expected timing of those costs. The lease for office premises in Canberra does not have a requirement for make good. The provision is reviewed annually.

Movements in the make good provision were as follows:	2022	2021
	\$	\$
As at 1 July	251,724	249,170
Write off of make good provision	(60,000)	-
Additions to make good provision	15,000	-
Unwinding of discount factor	1,256	2,554
As at 30 June	207,980	251,724

c. *Contract liabilities - Unexpended project funds*

	2022	2021
	\$	\$
As at 1 July	31,937,428	26,443,991
Received during the year	49,974,063	69,585,321
Released to the statement of profit or loss	(56,427,643)	(64,091,884)
Transferred to Discontinued Operations	(5,620,763)	-
As at 30 June	19,863,085	31,937,428

Contract income received for restricted purposes is recorded as a current liability under unexpended project funds with any unspent funds available for use in future years. The liability pertaining to each project would normally be settled over the contract term for that project, which may range from one month to three years.

Notes to the financial statements cont'd

Note 7 Non-financial assets and liabilities (continued)

d. Contract liabilities - Unexpended project funds (continued)

This amount represents the unexpended liability on contracts with a range of humanitarian organisations to perform activities as agreed in the contract where the donor has provided funds in a range of currencies including Australian Dollars (AUD), United States Dollars (USD), Euros (EUR), Great British Pounds (GBP), PNG Kina (PGK) and Vanuatu VATU (VUV). There are various foreign currency bank accounts that may create a natural hedge in certain circumstances. The AUD equivalent of cash, cash at bank or term deposits in foreign currencies at year end is \$20,363,722 (continuing operations) and \$3,753,590 (discontinued operations) (2021: \$20,257,440). The remainder of the funds are held in AUD.

e. Leases

Company as a lessee

The Company has lease contracts for various items of properties and other equipment used in its operations. Leases of properties generally have lease terms between 6 months and 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right of use assets recognised and movements during the period.

Office Buildings	2022	2021
	\$	\$
As at 1 July	2,246,013	2,441,837
Additions	1,711,502	839,043
Less: Disposals	(743,602)	-
Less: Depreciation	(931,795)	(1,034,867)
Less: Movement to Assets Held For Sale	(162,280)	-
As at 30 June	2,119,838	2,246,013

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Office Buildings	2022	2021
	\$	\$
As at 1 July	2,459,282	2,675,729
Additions	1,730,495	624,857
Accretion of interest	88,977	110,814
Less: Disposals	(888,474)	-
Less: Payments	(1,024,049)	(952,118)
Less: Movement to Liabilities Associated with Assets Held For Sale	(185,869)	-
As at 30 June	2,180,362	2,459,282

Notes to the financial statements cont'd

Note 7 Non-financial assets and liabilities

(continued)

Lease liabilities

	2022	2021
	\$	\$
Current	513,425	623,613
Non-Current	1,666,937	1,835,669
Total	2,180,362	2,459,282

The following are the amounts recognised in the profit or loss:

	2022	2021
	\$	\$
Depreciation expense of right-of-use assets	776,896	1,034,867
Interest expense on lease liabilities	88,977	110,814
Surplus on lease disposal	(144,873)	-
Total amount recognised in profit or loss	721,000	1,145,681

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2022	2021
	\$	\$
Within one year	858,713	1,007,487
After one year but not more than five years	2,319,640	683,131
More than five years	-	-
Total	3,178,353	1,690,618

Note 8 Reserves

General reserves comprise the accumulated operating results of the Company. These funds are held to safeguard financial stability, enduring operating capacity and the capacity to strategically invest. The Company's Reserves Policy sets the minimum level of general reserves and outlines the process for the Board to approve the use of reserve funds.

The Company's Reserves Policy requires reserves to be maintained to safeguard the continued operations of Company's operations. This policy balances the need to safeguard financial security whilst simultaneously ensuring flexibility in meeting the development and humanitarian challenges of operating in a dynamic global environment.

Specific purpose reserves are unspent restricted donations carried forward for the purpose of spending on specific activities or programs in the future.

Foreign currency reserves comprise the cumulative unrealised foreign exchange gains or losses resulting from the revaluation of assets and liabilities held in foreign currency.

Notes to the Financial Statements - 30 June 2022

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

9. Events subsequent to the reporting date
10. Contingencies
11. Related party transactions
12. Key management personnel
13. Remuneration of auditors
14. Information required by *NSW Charitable Fundraising Act 1991*
15. Information required by *ACFID Code of Conduct*

Notes to the financial statements cont'd

Note 9 Events subsequent to the reporting date

The Company continued to implement the transition of the management oversight of the four Mekong region country offices (Cambodia, Laos, Myanmar and Vietnam) to CARE USA. Apart from this, there are no significant events subsequent to the reporting date.

Note 10 Contingencies

As at 30 June 2022 the Company did not have any contingent assets or liabilities (2021: Nil).

Note 11 Related party transactions

Director transactions

The Directors did not receive any remuneration for their services. Expenses incurred by Directors on behalf of the Company are reimbursed on a cost only basis if requested. An amount of \$17,103 (2021: \$15,585) was paid for Directors and Officers liability insurance.

Director-related entity transactions

During the year, CARE Australia paid \$29,837 to PwC for a cyber security review. The fees for this review were charged on a low bono basis. The CARE Australia Chair, Marcus Laithwaite, is a Partner at PwC.

During the year, CARE Australia received \$284,049 in pro bono services and \$1,000 in donations from Corrs Chambers Westgarth. The CARE Chair of the International Programs and Operations Committee, Dr Phoebe Wynn-Pope, is Head of Business and Human Rights and Head of Pro Bono at Corrs Chambers Westgarth.

During the year, CARE Australia received \$14,163 in pro bono services from King & Wood Mallesons. The CARE Chair of People committee, Ms Diana Nicholson, is Senior Partner at King & Wood Mallesons.

Notes to the financial statements cont'd

Note 12 Key management personnel

a. Details of key management personnel

(i) Directors (non – executive)

<i>Chair</i>	Marcus Laithwaite (from 6 March 2020, Board member from 21 July 2017)
<i>Treasurer</i>	Joseph Tesvic (from 6 March 2020, Board member from 6 September 2016)
<i>Board Members</i>	Dr Phoebe Wynn-Pope (from 26 October 2018)
	Diana Nicholson (from 26 July 2019)
	Peter Varghese AO (from 26 July 2019)
	Joanne Thomson (from 20 May 2021)
	Morgana Ryan (from 20 May 2021)
	David Feetham (from 25 November 2013 to 30 November 2021)

(ii) Executives

Peter Walton	Chief Executive
Louise Gray	Chief Operating Officer and Company Secretary (18 January 2016 to 30 September 2021)
Li Li	Acting Director of Enabling Services (1 October 2021 to 6 January 2022)
Sue Cunningham	Director of Strategy & Enabling Services and Company Secretary (from 10 January 2022)
Catherine Hoban	Director, Fundraising and Marketing
David Sims	Director, International Programs and Operations

Notes to the financial statements cont'd

b. *Compensation of Key management personnel - Executives*

	2022	2021
	\$	\$
Short term employee benefits	849,548	837,646
Post-employment benefits	88,256	79,576
	937,804	917,222

Note 13 Remuneration of auditors

	2022	2021
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit of the financial report of the Company	135,000	104,332
	135,000	104,332

Notes to the financial statements cont'd

Note 14 Information required by the *NSW Charitable Fundraising Act 1991*

a. Details of aggregate gross income and total expenses for fundraising appeals

<u>Proceeds from fundraising appeals</u>	2022	2021
	\$	\$
Donations	11,893,163	10,580,158
Bequests	443,865	1,134,982
Gross proceeds from fundraising appeals	12,337,028	11,715,140
<u>Total expenses for fundraising appeals</u>		
Donations	3,529,114	2,864,065
Total expenses for fundraising appeals	3,529,114	2,864,065
Net surplus from fundraising appeals	8,807,914	8,851,075

b. Statement showing how funds received are applied for charitable purposes

	2022	2021
	\$	\$
Net surplus obtained from fundraising appeals	8,807,913	8,851,076
Applied for charitable purposes as follows:		
International programs	57,178,371	62,531,546
Program support costs	4,630,500	2,174,010
Community education	1,324,788	1,082,352
Cost of raising program funds from government and multilateral agencies	544,893	370,628
Accountability and administration	3,422,488	2,872,082
Non-monetary expenditure	299,417	344,253
Total expenses	67,400,457	69,374,871
(Shortfall) / surplus	(58,592,543)	(60,523,795)

Shortfall was met from the following sources:	2022	2021
	\$	\$
DFAT grants	6,026,640	7,927,651
Other Australian grants	20,230,215	20,185,296
Other overseas grants	32,109,094	34,795,396
Investment (loss)/ income	(693,264)	1,558,371
Other income	427,345	964,938
	58,100,030	65,431,652
Net (deficit)/surplus transferred to accumulated funds for future use	(492,513)	4,907,857

For the purposes of the *NSW Charitable Fundraising Act 1991* all fundraising activities were related to public appeals.

Notes to the financial statements cont'd

Note 14 Information required by the *NSW Charitable Fundraising Act 1991* (continued)

COMPARISON BY PERCENTAGE	2022 %	2021 %
Total Cost of Public Fundraising/Revenue from the Australian Public	29	24
Net surplus from Fundraising/Revenue from the Australian Public	71	76

Note: FY22 Public Fundraising Costs included investment in new donor database software. If these costs are excluded from the above calculation, the Total Cost of Public Fundraising / Revenue from the Australian Public percentage for FY22 would be 23%.

Notes to the financial statements cont'd

Note 15 Information required by the ACFID Code of Conduct

Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 30 June 2022

		2022	2021
		\$	\$
REVENUE	<i>Note</i>		
Revenue			
Donations Monetary	3	11,593,746	10,235,906
Donations Non-monetary	3	299,417	344,253
Bequests and Legacies	3	443,865	1,134,982
Total Revenue from Donations and Bequests		12,337,028	11,715,141
Revenue from contracts with customers (Grants and Contracts)			
Department of Foreign Affairs and Trade	3	6,026,640	7,927,651
Other Australian Grants and Contracts	3	20,230,215	20,185,296
Overseas Grants and Contracts	3	32,109,094	34,795,396
Total Revenue from contracts with customers		58,365,949	62,908,343
Investment (loss)/income	3	(693,264)	1,558,371
Other income	3	427,345	964,938
Total revenue and income	3	70,437,058	77,146,793
EXPENDITURE			
International programs			
Funds to international programs	4(a)(i)	57,178,371	62,531,546
Program support costs	4(a)(ii)	4,630,500	2,174,010
Community education	4(a)(iii)	1,324,788	1,082,352
Fundraising costs			
Public	4(a)(iv)	3,529,114	2,864,065
Government, multilateral and private	4(a)(v)	544,893	370,628
Accountability and administration	4(a)(vi)	3,422,488	2,872,082
Non-monetary expenditure – Australian based		299,417	344,253
Total expenditure		70,929,571	72,238,936
NET SURPLUS FROM CONTINUING OPERATIONS		(492,513)	4,907,855
COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Total comprehensive income for the year		-	-
NET (DEFICIT)/SURPLUS AFTER COMPREHENSIVE INCOME		(492,513)	4,907,857

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of CARE Australia, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, and International Financial Reporting Standards issued by the International Accounting Standards Board, and the *Australian Charities and Not-for-Profits Commission Regulations 2013*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) the provisions of the *Charitable Fundraising Act 1991 (New South Wales)* and the regulations under the Act and the conditions attached to the authority have been complied with;
- (d) the provisions of the *Charitable Fundraising Act 1946 (Western Australia)* and the regulations under the Act and the conditions attached to the authority have been complied with; and
- (e) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the Board



Marcus Laithwaite

Chair



Joseph Tesvic
Treasurer

17 November 2022



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Auditor's Independence Declaration to the Directors of CARE Australia

In relation to our audit of the financial report of CARE Australia for the financial year ended 30 June 2022, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'ITzavaras'.

Irene Tzavaras
Partner
24 November 2022



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Independent Auditor's Report to the Members of CARE Australia

Report on the Financial Report

Opinion

We have audited the financial report of CARE Australia (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Directors Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 the 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 this financial report.

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

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2021 and the requirements of the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947)

We have audited the financial report as required by Section 24(1) of the NSW Charitable Fundraising Act 1991 and the WA Charitable Collections Act (1946). Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2021 and the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947).

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.



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Opinion

In our opinion:

- a) the financial report of CARE Australia has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2022, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1) of the *NSW Charitable Fundraising Act 1991*;
 - ii. sections 14(2) and 17 of the *NSW Charitable Fundraising Regulations 2021*;
 - iii. the *WA Charitable Collections Act (1946)*; and
 - iv. the *WA Charitable Collections Regulations (1947)*.
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2022 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Irene Izavaras', written in a cursive style.

Irene Izavaras
Partner
24 November 2022