

Compassion Australia ACN 001 692 566

Annual report – 30 June 2018

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This is a supplement of the full annual report.
For more information please refer to the full annual report, which is available at:
www.compassion.com.au/annualreport

Compassion Australia Directors' report

Compassion Australia is a company limited by guarantee and not having share capital, incorporated and domiciled in Australia. ABN 67 001 692 566.

Your directors present their report on the company for the year ended 30 June 2018.

Directors

The following persons were directors of the company at any time during the financial year and up to the date of this report:

Dr J Bond (Chair of the Board, Board member since 2002)
Mr I Moody (Vice Chair of the Board, Board member since 2008)
Mr M Jeffs (Board member since 1995)
Ms M Chua (Secretary of the Board, Board member since 2012)
Mr K Medwin (Board member since 2010)
Ms S Valich-Dewhurst (Board member since October 2015)
Mr M McCrindle (Board member since October 2015)

Directors' meetings

The below table details the number of directors' meetings held this financial year, as well as the number of meetings attended by each director of the company.

<i>Director</i>	<i>No. of meetings held *</i>	<i>No. of meetings attended</i>
Mr M Jeffs	4	4
Dr J Bond	4	4
Mr I Moody	4	4
Mr K Medwin	4	4
Ms M Chua	4	4
Ms S Valich-Dewhurst	4	4
Mr M McCrindle	4	3

* Reflects the number of meetings held whilst the director was in office.

Objectives

Compassion's objectives stem from our global 2020 Vision. This vision is aimed at developing the systems and processes needed for future growth, and developing Compassion's four programs to fully realise our mission of releasing children from poverty.

Compassion's strategy for achieving our objectives

In financial year 2017-2018, Compassion Australia continued to focus on our overarching goals to:

- Acquire and engage new supporters
- Delight and retain existing supporters
- Revolutionise systems and processes
- Develop people and culture

The Financial year 2018-2019 will see Compassion Australia again focusing on these overarching goals as we remain open to all the opportunities God has for us in the coming years.

For more information please refer to the ministry goals pages within Compassion Australia's annual report for financial year 2017-2018, which can be found at www.compassion.com.au/annualreport

Compassion Australia Directors' report (Continued)

Principal activities

The principal activity of the company during the course of the financial year was releasing children from poverty in developing countries.

There were no significant changes in the nature of the activities of the company during the year.

Review and result of operations

Key results for the year include:

- The operating surplus for the year amounted to \$707,220 (2017 surplus: \$211,191).
- The total income for the year amounted to \$85,034,543 (2017 income: \$81,033,022). This is an increase of 4.94% (2017: 2.85%) in total income for the year. The primary drivers of this increase were increased sponsorship and support.
- The number of beneficiaries grew to 117,946 (2017: 112,905) which represents an increase of 4.46% (2017: 0.05%).
- The cancellation rate for the Child Sponsorship Program was lower during financial year 2017-2018, ending the year at 9.35% (2017: 11.52%). However, this cancellation rate is still higher than it has been in the past. This has been mainly due to the continuing implementation of our customer relationship management system. It is anticipated that the cancellation rate will continue to return to normal levels in the coming years due to the continued commitment of our sponsors and donors.
- Within the year, 19.49% (2017: 20.21%) of the total expenses were spent on administration and fundraising expenses.

Compassion's Board appreciates the continuing dedication of staff, volunteers, advocates and advice of consultants, which has enabled the organisation to maintain a solid financial position.

Environmental regulations

The company is subject to environmental regulation in respect to ownership of land and buildings. These regulations are those that apply to all land holding businesses and had no significant impact on the operation of the organisation during the financial year.

The directors are not aware of any breaches of environmental regulations.

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review.

Likely developments

In the opinion of the directors, the company is likely to pursue its policy of releasing children from poverty in developing countries. It is expected that the company will continue to grow at its rate of ordinary growth.

Matters subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature that is likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Compassion Australia Directors' report (continued)

Information on Directors

Dr J Bond

Compassion Australia Director since June 2002

Experience and expertise

Minister of Religion; International experience in governance and formation with Youth for Christ International, Motor Racing Outreach, Sports and Leisure Ministries; currently serving as Asia South East Pacific World Zone leader of Dynamic Church Planting International

Other current directorships

Founding Director of Sonlife Ministries Inc

Former directorships in the last three years

None

Special responsibilities

Chair of the Board of Directors

Member of the CEO and Governance Committee

Mr I Moody

Compassion Australia Director since October 2008

Experience and expertise

Extensive experience in marketing, major event management, strategic planning and cross denominational church engagement.

Other current directorships

Managing Director of the Prethink Group. Director of Darling Downs Tourism and the Toowoomba Chamber of Commerce.

Former directorships in the last three years

None

Special responsibilities

Vice Chair of the Board of Directors

Member of the Ministry Relations and Supporter Engagement Committee

Member of the CEO and Governance Committee

Mr M Jeffs

Compassion Australia Director since July 1995

Experience and expertise

Business involvement in either management or director roles for over 40 years

Other current directorships

Founder and Director Network Communications Pty Limited and the Australian Christian Channel Pty Limited; Director Southern Cross Institute Pty Limited

Former directorships in the last three years

None

Special responsibilities

Member of the Ministry Services and Finance Committee

Member of the Board of Directors Compassion International

Ms M Chua

Compassion Australia Director since October 2012

Experience and expertise

Legal practice director

Other current Directorships

Managing Director of M 6:8 Legal Pty Ltd

Former directorships in the last three years

None

Special responsibilities

Secretary of the Board

Member of the Ministry Services and Finance Committee

Compassion Australia Directors' report (continued)

Mr K Medwin

Compassion Australia Director since July 2010

Experience and expertise

Managing Director of Rock Property, a residential property investment adviser company; Director of Medkes Unit Trust

Other current Directorships

Director of St Michaels Collegiate

Former directorships in the last three years

None

Special responsibilities

Member of the Ministry Services and Finance Committee

Ms S Valich-Dewhurst

Compassion Australia Director since October 2015

Experience and expertise

Founder of Monostory, a value driven brand tool enabling organisations and individuals to have a clear voice that is understood across every area of business and life. Over 20 years of industry experience in marketing and communications.

Other current Directorships

Director of Christian Media and Arts Australia

Former directorships in the last three years

Director of Halogen Foundation

Special responsibilities

Member of the Ministry Relations and Supporter Engagement Committee

Mr M McCrindle

Compassion Australia Director since October 2015

Experience and expertise

Founder of McCrindle, an advisory, communications and research company, which count among its clients more than 100 of Australia's largest companies.

Other current Directorships

Director, McCrindle Research

Advisory Board Member, Medicines Australia

Trustee, Responsible Gambling fund, NSW Government

Chairman, Pacific Hills Christian Education

Director, The Australian Leadership Foundation

Former directorships in the last three years

None

Special responsibilities

Member of the Ministry Relations and Supporter Engagement Committee

Members' Guarantee

The company (Compassion Australia) is limited by guarantee. Each member of the company undertakes to contribute to the property of the company in the event of the same being wound up while he/she is a member, or within one year after he/she ceases to be a member.

Each member's contribution covers the payment of the debts and liabilities of the company contracted before he/she ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, provided the required adjustment amount does not exceed one hundred dollars (\$100).

The number of members at 30 June 2018 was seven (and in 2017, seven).

**Compassion Australia
Directors' report (continued)**

Indemnification and insurance of officers

Indemnification

The company has agreed to indemnify the following current directors of the company—Mr M Jeffs, Dr J Bond, Mr I Moody, Mr K Medwin, Ms M Chua, Ms S Valich-Dewhurst, and Mr M McCrindle—against all liabilities to another person (other than the company) that may arise from their position as directors of the company. The only exception is where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the company will meet the full amount of any such liabilities, including costs and expenses.

Insurance Premiums

Since the end of the previous financial year, the company has paid insurance premiums under an Association Liability Policy. The directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Association Liability Policy, as such disclosure is prohibited under the terms of the contract.

Auditors' independence declaration

A copy of the auditor's independence declaration, as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, is set out on page 6.

Signed at Newcastle in accordance with a resolution of the Directors:



John Bond
Director
1 November 2018



Mabel Chua
Director
1 November 2018

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFIT COMMISSION ACT 2012
TO THE DIRECTORS OF COMPASSION AUSTRALIA**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profit Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Ashley Carle
Director
Brisbane
1 November 2018

Compassion Australia ACN 001 692 566

Financial report – 30 June 2018

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This financial report covers Compassion Australia as an individual entity. The financial report is presented in Australian currency.

Compassion Australia is a company limited by guarantee and not having share capital, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Compassion Australia
30 Warabrook Boulevard, Warabrook NSW 2304

A description of the nature of the company's operations and its principal activities is included in the directors' report on page 1, which is not part of this financial report.

The financial report was authorised for issue by the directors on the date that the directors' declaration was signed. The directors have the power to amend and reissue the financial statements.

Compassion Australia
Statement of profit and loss and other comprehensive income
For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from continuing operations	2	84,965,686	81,018,199
Other income	2	68,857	14,823
Program expenses		(56,308,100)	(52,461,103)
Program support expenses		(8,364,165)	(8,792,271)
Local program expenses		(2,439,941)	(2,517,128)
Administration expenses		(5,128,587)	(5,539,759)
Fundraising expenses		(11,309,888)	(10,795,820)
Advocacy expenses		(776,642)	(715,750)
		<hr/>	<hr/>
Operating surplus/(deficit)	3,4	707,220	211,191
Other comprehensive income		<hr/> -	<hr/> -
Total comprehensive income for the year		<hr/> 707,220	<hr/> 211,191
Total comprehensive income for the year is attributable to: Compassion Australia		<hr/> 707,220	<hr/> 211,191

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Compassion Australia
Statement of financial position
As at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	17,140,680	13,580,797
Other receivables	6	1,265,086	1,270,290
Total current assets		<u>18,405,766</u>	<u>14,851,087</u>
Non-current assets			
Property, plant and equipment	7	10,836,995	10,347,778
Investment properties	8	637,226	1,400,876
Intangible assets	9	1,530,451	1,966,508
Total non-current assets		<u>13,004,672</u>	<u>13,715,162</u>
Total assets		<u>31,410,438</u>	<u>28,566,249</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	13,647,650	11,574,654
Borrowings	11	4,768	-
Provisions	12	288,917	221,474
Total current liabilities		<u>13,941,335</u>	<u>11,796,128</u>
Non-current liabilities			
Borrowings	11	12,715	-
Provisions	12	315,681	336,634
Total non-current liabilities		<u>328,396</u>	<u>336,634</u>
Total liabilities		<u>14,269,731</u>	<u>12,132,762</u>
Net assets		<u>17,140,707</u>	<u>16,433,487</u>
Equity			
Retained earnings		<u>17,140,707</u>	<u>16,433,487</u>
Total equity		<u>17,140,707</u>	<u>16,433,487</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Compassion Australia
Statement of changes in equity
For the year ended 30 June 2018

	Retained earnings \$	Total equity \$
Balance at 30 June 2016	16,222,296	16,222,296
Total comprehensive income for the year ended 30 June 2017	211,191	211,191
Balance at 30 June 2017	<u>16,433,487</u>	<u>16,433,487</u>
Total comprehensive income for the year ended 30 June 2018	707,220	707,220
Balance at 30 June 2018	<u><u>17,140,707</u></u>	<u><u>17,140,707</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Compassion Australia
Statement of cash flows
For the year ended 30 June 2018

	2018	2017
Notes	\$	\$
Cash flows from operating activities		
Receipts (inclusive of goods and services tax)	84,281,234	80,674,816
Payments in the course of operations (inclusive of goods and services tax)	(80,872,073)	(81,237,557)
Interest Expense	-	(166)
Net cash inflow/ (outflow) from operating activities	13(a) 3,409,161	(562,907)
Cash flows from investing activities		
Interest received	385,063	358,843
Proceeds from sale of investment property	1,000,000	-
Proceeds from sale of property, plant and equipment	409	-
Payments for property, plant and equipment	(1,002,651)	(603,347)
Payments for Intangibles	(230,115)	(482,357)
Net cash inflow (outflow) from investing activities	152,706	(726,861)
Cash flows from financing activities		
Repayment of borrowings	(1,589)	-
Interest paid	(395)	-
Net cash inflow (outflow) from financing activities	(1,984)	-
Net increase (decrease) in cash held	3,559,883	(1,289,768)
Cash at the beginning of the financial year	13,580,797	14,870,565
Cash at the end of the financial year	13(b) 17,140,680	13,580,797

The above statement of cash flows should be read in conjunction with the accompanying notes.

Compassion Australia
Notes to the financial statements
30 June 2018

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Note 1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards: Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991*, the *Charitable Collections Act 1946 (WA)* and the Australian Council for International Development (ACFID) Code of Conduct.

Compliance with Australian Accounting Standards: Reduced Disclosure Requirements

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 under AASB 1053: “*Application of Tiers of Australian Accounting Standards*.” The company is a non-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements of Compassion Australia comply with the Australian Accounting Standards: Reduced Disclosure Requirements as issued by Australian Accounting Standards Board (AASB) as they pertain to not-for-profit entities. 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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The major estimates and judgments are as follows:

Estimation of useful lives of assets – the estimate of useful lives and related depreciation and amortisation charges are considered annually by the directors and adjusted if required to reflect changes in the useful life of assets. Details of useful life assessments are detailed in Note 1(g).

Impairment of assets – the directors determine annually whether there are any indicators of impairment by evaluating conditions applicable to financial and non-financial assets. If an impairment trigger exists, the recoverable amount of the asset is determined as either fair value less costs to sell or value-in-use calculations. Details of useful life assessments are detailed in Note 1(i).

Employee benefits – As discussed in Note 1(j), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases are taken into account.

(b) Taxation

The company, being a Public Benevolent Institution, is currently exempt from income tax under Section 50-5, Item 1.1 of the *Income Tax Assessment Act 1997*.

Note 1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(d) Acquisitions of assets

The historical cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Tax Office (ATO).

Sponsorships and donations

Sponsorship income is recognised in the period in which it is received in cash contributions. Donation income is recognised in the period in which it is received. To allow for supporter's best intentions, Compassion processes Cheques received by mail up to 7 business days after the 30th June into the previous year to allow for legitimate posted items post marked pre 30 June.

Endowment operations and undesignated funds

Income from endowment operations and undesignated funds is recognised in the period in which it is received.

Sale of non-current assets

The net profit arising from non-current asset sales is included as other income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Interest revenue

Interest revenue is recognised as it accrues.

(f) Property, plant and equipment

Freehold property

Freehold land and buildings are recorded at cost less accumulated depreciation. Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Note 1 Summary of significant accounting policies (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

(g) Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The expected useful lives are as follows:

	2018
Buildings	50 years
Motor Vehicles	5 years
Office Furniture and equipment	5-10 years
Computer equipment	3-6 years
Fundraising equipment	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(h) Investment property

Investment property, principally comprising freehold land and buildings, is held for long-term rental yields and is not occupied by the company. Investment property is stated at historical cost less depreciation. Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost over the useful life of the buildings. The expected life of the building is 10 years.

(i) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Note 1 Summary of significant accounting policies (continued)

(j) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with 'wages, salaries and annual leave' above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, term deposits, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(m) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. The majority of trade receivables are for the prepayment of supporter group trips to Compassion projects overseas. These receivables are invoiced under specific payment terms which are settled before the goods and services are provided. All other trade receivables are expected to be settled no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the change in the provision is recognised in the statement of profit and loss and other comprehensive income.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1 Summary of significant accounting policies (continued)

(o) Intangibles

Significant costs associated with software acquired are deferred and amortised on a straight-line basis over the period of their expected benefit and are classified as a finite life intangible asset. Software is amortised over a 2 to 5 year period, beginning once the asset is configured and available for use by the organisation.

(p) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases. Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Where the company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Note 2 Revenue and other income

	2018	2017
	\$	\$
Revenue from continuing operations		
Sponsorships and donations	84,237,330	80,641,562
Interest received	372,201	376,637
Profit on disposal of Investment Property	300,000	-
Rent Received	56,155	-
	<u>84,965,686</u>	<u>81,018,199</u>
Other income		
Other income	68,448	14,823
Profit on disposal of non-current assets	409	-
	<u>68,857</u>	<u>14,823</u>
Total Revenue and other income	<u>85,034,543</u>	<u>81,033,022</u>

Note 3 Expenses

	2018	2017
	\$	\$
Operating surplus/(deficit) includes the following specific expenses:		
Employee benefits expense	11,446,434	11,677,971
Interest expense	395	166
Depreciation and amortisation expense	1,262,328	1,081,400

Note 4 Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditors:

	2018	2017
	\$	\$
Audit services:		
Audit and review of financial reports	29,500	29,500
Taxation and other services	-	-
	<u>29,500</u>	<u>29,500</u>

Note 5 Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	62,167	43,040
Cash at bank and cash equivalent assets	17,078,513	13,537,757
	<u>17,140,680</u>	<u>13,580,797</u>

Note 6 Other receivables

	2018	2017
	\$	\$
Other receivables	1,265,086	1,270,290

These amounts generally arise from transactions outside the usual operating activities of the Company. Other receivables are unsecured with no collateral obtained. There are no impaired receivables for the Company at 30 June 2018 (2017: Nil).

Note 7 Property, plant and equipment

(a) Carrying amounts at balance date

	2018	2017
	\$	\$
Land at cost	409,490	409,490
Buildings		
At cost	10,145,684	10,145,684
Less: Accumulated depreciation	(1,408,488)	(1,209,913)
Buildings	<u>8,737,196</u>	<u>8,935,771</u>
Total land and buildings	<u>9,146,686</u>	<u>9,345,261</u>
Motor vehicles		
At cost	28,763	28,763
Less: Accumulated depreciation	(28,763)	(28,763)
Motor Vehicles	-	-
Office furniture and equipment		
At cost	1,388,789	862,047
Less: Accumulated depreciation	(252,256)	(151,894)
Office Furniture and Equipment	<u>1,136,533</u>	<u>710,153</u>
Computer equipment		
At cost	897,130	932,319
Less: Accumulated depreciation	(394,923)	(639,955)
Computer Equipment	<u>502,207</u>	<u>292,364</u>
Fundraising equipment		
At cost	64,973	-
Less: Accumulated depreciation	(13,404)	-
Fundraising Equipment	<u>51,569</u>	<u>-</u>
Total plant and equipment at net book value	<u><u>10,836,995</u></u>	<u><u>10,347,778</u></u>

Note 7 Property, plant and equipment (continued)

(b) Reconciliation of carrying amounts at the beginning and end of the period

	Land	Buildings	Fundraising	Office Furniture	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
2018						
Carrying amount opening balance	409,490	8,935,771	-	710,153	292,364	10,347,778
Add: additions	-	-	64,973	526,742	430,008	1,021,723
Less: carrying amount of disposals/other adjustments	-	-	-	-	-	-
Less: depreciation expense	-	(198,575)	(13,404)	(100,362)	(220,165)	(532,506)
Carrying amount closing balance	409,490	8,737,196	51,569	1,136,533	502,207	10,836,995

Note 8 Investment properties

	2018 \$	2017 \$
At Cost		
Opening balance at 1 July	1,400,876	1,464,526
Less: carrying amount of disposals	(700,000)	-
Depreciation	(63,650)	(63,650)
Closing balance at 30 June	637,226	1,400,876

(a) Valuation basis

Investment properties are valued at cost. However, at the end of each reporting period the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations, to ensure that this is not significantly different to the book value.

(b) Leasing arrangements

Investment properties are currently leased to tenants under monthly operating leases with rentals payable monthly.

(c) Sale of Investment property

Early in Financial year 2017-2018 Compassion agreed to sell one of its investment properties. The results of this sale are as follows:

	2018 \$
Sale of Investment property (GST Exc)	1,000,000
Less: Cost of Investment property	(700,000)
Profit on disposal of non-current asset	300,000

Note 9 Intangible assets

	2018	2017
	\$	\$
Software at cost	2,982,252	2,769,938
Accumulated amortisation	(1,451,801)	(803,430)
Carrying amount closing balance	<u>1,530,451</u>	<u>1,966,508</u>

Note 10 Trade and other payables

	2018	2017
	\$	\$
Current		
Trade Creditors	201,272	94,273
Annual leave	972,566	920,332
Rostered Day Off	137,633	66,682
Accruals	12,326,090	10,480,799
Holding fund	10,089	12,568
Total trade and other payables	<u>13,647,650</u>	<u>11,574,654</u>

Note 11 Borrowings

	2018	2017
	\$	\$
Current		
Lease liability	4,768	-
Total	<u>4,768</u>	<u>-</u>
Non- Current		
Lease liability	12,715	-
Total	<u>12,715</u>	<u>-</u>

Analysis of total Lease Liability:

	2018	2017
	\$	\$
Opening balance as at 1 July	-	-
Additional Lease liability raised during the year	19,072	-
Amounts used	(1,589)	-
Balance as at 30 June	<u>17,483</u>	<u>-</u>

Lease Liability

The lease liability is held for an office equipment finance lease. There is a corresponding asset held in property, plant and equipment.

Note 12 Provisions

	2018 \$	2017 \$
Current		
Long service leave	288,917	221,474
Total	<u>288,917</u>	<u>221,474</u>
Non- Current		
Long service leave	315,681	336,634
Total	<u>315,681</u>	<u>336,634</u>

Analysis of total provisions:

	2018 \$	2017 \$
Opening balance as at 1 July	558,108	533,991
Additional provisions raised during the year	169,228	103,912
Amounts used	(122,738)	(79,795)
Balance as at 30 June	<u><u>604,598</u></u>	<u><u>558,108</u></u>

Employee Provisions

Employee provisions represent amounts accrued for long service leave.

The current portion for this provision includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 13 Statement of cash flows information

(a) Reconciliation of excess/(shortfall) of revenue over expenditure from ordinary activities to net cash inflow from operating activities

	2018	2017
	\$	\$
Excess/(shortfall) of revenue over expenditure	707,220	211,191
Add/ (less) items classified as investing/financing activities:		
Interest received	(385,063)	(358,843)
Interest paid	395	-
Add/ (less) non-cash items:		
Net (Profit) on sale of Investment property	(300,000)	-
Net (Profit) on sale of property, plant and equipment	(409)	-
Depreciation and amortisation	1,262,328	1,081,400
Net cash provided by continuing activities before change in assets and liabilities	1,284,471	933,748
Change in assets and liabilities during the financial year:		
(Increase)/ decrease in receivables and derivative financial instruments	5,204	(119,833)
(Decrease)/increase in accounts payable and other provisions	2,119,486	(1,376,822)
Net cash provided by/ (used in) operating activities	3,409,161	(562,907)

(b) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank, on demand deposits at call and deposits, term deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (net of outstanding bank overdrafts). Cash as at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

	2018	2017
	\$	\$
Cash and cash equivalent assets (Note 5)	17,140,680	13,580,797

Note 14 Additional disclosures required by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulations 1993

Fundraising appeals

Fundraising appeals conducted during the year consisted of:

Promotion of sponsorship of needy children including:

- Public meetings
- Conventions
- Paid advertising
- Compassion magazine
- Concerts
- Advocates
- Internet

NOTE 14 Additional disclosures required by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulations 1993 (continued)

Details of aggregate gross income and total expenses of fundraising appeals

	2018 \$	2017 \$
Income from fundraising		
Donations and gifts- monetary & non-monetary	83,572,415	80,507,357
Legacies & bequests	666,650	139,853
	<u>84,239,065</u>	<u>80,647,210</u>
Less: Total cost of fundraising appeals		
Fundraising costs	(11,309,888)	(10,795,820)
Net surplus obtained from fundraising appeals	<u>72,929,177</u>	<u>69,851,390</u>
Other income		
Interest, life insurance and other income	795,478	385,812
	<u>795,478</u>	<u>385,812</u>
Gross income	<u>85,034,543</u>	<u>81,033,022</u>

Statement showing how funds received were applied to charitable purposes

This was applied to charitable purposes in the following manner:

Programme expenditure	67,112,206	63,770,502
Administration	5,128,587	5,539,759
Advocacy	776,642	715,750
	<u>73,017,435</u>	<u>70,026,011</u>
Total expenditure	<u>84,327,323</u>	<u>80,821,831</u>
Surplus/(Loss)	707,220	211,191

Comparison of monetary figures and percentages:

	Total cost of fundraising	Gross income from fundraising	%
2018	\$11,309,888	\$84,239,065	13%
2017	\$10,795,820	\$80,647,210	13%

	Net surplus from fundraising	Gross income from fundraising	%
2018	\$72,929,177	\$84,239,065	87%
2017	\$69,851,390	\$80,647,210	87%

	Total cost of services	Total expenditure	%
2018	\$67,112,206	\$84,327,323	80%
2017	\$63,770,502	\$80,821,831	79%

	Total cost of services	Total income received	%
2018	\$67,112,206	\$85,034,543	79%
2017	\$63,770,502	\$81,033,022	79%

Note 15 Funds movements schedule

For the year ended June 30, 2018	Opening Balance	Income	Transfers	Expenses	Surplus / (Deficit)	Closing Balance
Child Development	2,410,745	63,358,051	(15,704,161)	47,498,451	155,439	2,566,184
Child Survival Program	1,206,881	1,566,335	(390,498)	941,449	234,388	1,441,269
Christmas Fund	62,310	2,620,821	(262,082)	2,330,000	28,739	91,049
Gifts	144,183	3,159,346	-	3,186,239	(26,893)	117,290
Living Sponsorship	1,353,898	26,311	-	-	26,311	1,380,209
CIV Fund	1,964,615	12,706,325	(3,138,959)	10,077,596	(510,230)	1,454,385
Relief	129,134	53,822	(5,382)	150,000	(101,560)	27,574
Un-sponsored Children	68,688	242,531	(61,482)	244,179	(63,130)	5,558
Future Fund	2,929,070	-	850,088	642,269	207,819	3,136,889
Operating Fund	3,102,019	452,304	18,794,429	19,012,788	233,945	3,335,964
Endowment Operations	2,805,610	472,035	-	-	472,035	3,277,645
LDP	171,711	88,144	(8,814)	75,000	4,330	176,041
Bibles	43,753	186,719	(47,333)	113,829	25,557	69,310
Indigenous (PBI)	40,870	101,799	(25,806)	55,523	20,470	61,340
Total	16,433,487	85,034,543	-	84,327,323	707,220	17,140,707

For the year ended June 30, 2017	Opening Balance	Income	Transfers	Expenses	Surplus / (Deficit)	Closing Balance
Child Development	3,046,203	59,291,408	(15,501,879)	44,424,987	(635,458)	2,410,745
Child Survival Program	985,906	1,488,248	(385,974)	881,299	220,975	1,206,881
Christmas Fund	11,369	2,473,268	(247,327)	2,175,000	50,941	62,310
Gifts	53,649	3,124,421	-	3,033,887	90,534	144,183
Living Sponsorship	1,293,879	60,019	-	-	60,019	1,353,898
CIV Fund	2,086,922	13,332,184	(3,464,174)	9,990,317	(122,307)	1,964,615
Relief	4,227	144,887	(14,489)	5,491	124,907	129,134
Un-sponsored Children	10,934	248,824	(65,192)	125,878	57,754	68,688
Future Fund	2,669,849	-	817,256	558,035	259,221	2,929,070
Operating Fund	2,830,263	330,162	18,952,015	19,010,421	271,756	3,102,019
Endowment Operations	2,759,351	46,259	-	-	46,259	2,805,610
LDP	448,328	240,855	(24,085)	493,387	(276,617)	171,711
Bibles	747	143,218	(37,523)	62,689	43,006	43,753
Indigenous (Necessitous circumstances)	20,669	-	-	20,669	(20,669)	-
Indigenous (PBI)	-	109,269	(28,628)	39,771	40,870	40,870
Total	16,222,296	81,033,022	-	80,821,831	211,191	16,433,487

Note 16 Related party transactions

Directors

The names of each person who held the position of Director of the company during the financial year are:

Dr J Bond
Mr I Moody
Mr M Jeffs
Mr K Medwin
Ms M Chua
Mr M McCrindle
Ms S Valich-Dewhurst

	2018	2017
	\$	\$
There were transactions with directors during the year as follows:		
Mr M Jeffs – For television advertising	8,976	8,976
Mr M McCrindle – For research services	4,076	1,170
Ms S Valich-Dewhurst – For Christian media development and collaboration	34,528	35,365

The above transactions were performed on arm's length commercial terms and conditions.

Note 17 Key management personnel compensation

Directors

The directors act in an honorary capacity and do not receive any remuneration from the company.

Key management personnel are those persons with the authority and responsibility for planning, directing and controlling the activities of the entity during the relevant financial year. Compensation includes the following staff:

Rev T Hanna (CEO)
Mrs B McQuillan (Director: Prayer)
Mrs D Adams (Executive Director: Ministry Services)
Mr B Dodd (Executive Director: Finance)
Mrs S Johnson (Manager: Human Resources)
Mr J Harris (Manager: Projects)
Mr J Kirk (Manager: Marketing, Manager: Supporter Engagement Centre)
Mr M Darvas (Manager: Communications and Creative)
Mr B Cannings (Area Manager: South East)
Mr A Holland (Executive Director: Ministry Relationships)
Mr R De Vries (Manager: Technology Enablement)
Ms J Daly (Executive Director: Supporter Engagement)
Mr A Conomos (Area Manager: North East)
Mr D Gock (Area Manager: Sydney Metropolitan)
Mrs M French (Area Manager: West)
Mr J Horn (Executive Advisor)
Mr D Brereton (Manager: Strategy and Execution)
Ms H Cockram (Acting Area Manager: West)
Mr E Figueroa (Acting Manager: Human Resources)
Mr M Fletcher (Financial Controller)
Mr B Lowe (Manager: Risk and Compliance, Acting Manager: Human Resources)
Ms L Porter (Manager: Projects)
Mr J Thompson (Area Manager: South East)
Mrs D Gregory (Manager: Travel)

	2018	2017
	\$	\$
Total Key Management Personnel Compensation	2,337,958	2,154,609

Note 18 Financial risk management

Compassion's financial instruments consist mainly of deposits with banks, receivables and payables, derivative instruments and borrowings.

The carrying amounts 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:

	Note	2018 \$	2017 \$
Financial assets			
Cash on hand, at bank and cash equivalents	5	17,140,680	13,580,797
Accounts receivable and other debtors	6	1,265,086	1,270,290
Total financial assets		<u>18,405,766</u>	<u>14,851,087</u>
Financial liabilities			
Financial liabilities at amortised cost:			
- Accounts payable and other payables	10	13,647,650	11,574,654
- Borrowings	11	17,483	-
Total financial liabilities		<u>13,665,133</u>	<u>11,574,654</u>

Fair Value Disclosures

The company does not measure any assets or liabilities at fair value on a recurring basis after initial recognition. The carrying amount of financial assets and financial liabilities as disclosed in the statement of financial position and notes to the financial statements approximates their fair value.

Note 19 Commitments and Contingencies

(a) Capital commitments

Capital expenditure contracted for at the report date but not recognised as liabilities is as follows: 2018 nil (2017: \$752,700)

	2018	2017
	\$	\$
(b) Future Lease Commitments		
Lease Payable:		
Within one year	333,386	322,484
Greater than one year but less than five years	457,882	347,627
Five years and greater	24,742	-
	<u>816,010</u>	<u>670,111</u>

(c) Contingent Assets

Members Guarantee

The company (Compassion Australia) is limited by guarantee. Each member of the company undertakes to contribute to the property of the company in the event of the same being wound up while he/she is a member, or within one year after he/she ceases to be a member.

Each member's contribution covers the payment of the debts and liabilities of the company contracted before he/she ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, provided the required adjustment amount does not exceed one hundred dollars (\$100).

The number of members at 30 June 2018 was seven (and in 2017, seven).

(d) Contingent Liabilities

The company has no contingent liabilities at 30 June 2018 (2017: nil)

<u>Nil</u>	<u>Nil</u>
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**Compassion Australia
Directors' declaration**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Australian Accounting Standards Reduced Disclosure Requirements and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- (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.

This declaration is made in accordance with a resolution of the directors in accordance with section 60.15 (2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



John Bond
Director



Mabel Chua
Director

Newcastle
1 November 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASSION AUSTRALIA

Report on the Audit of the Financial Report

Auditor's Opinion on the Financial Report

We have audited the financial report of Compassion Australia (the "Company"), which comprises the statement of financial position as at 30 June 2018 and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion the financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-Profit Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 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 Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Non-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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASSION AUSTRALIA

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 *NSW Charitable Fundraising Regulation 2008*

Opinion on the NSW Charitable Funding Obligations

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. 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 Regulations 2008* (Regulations).

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COMPASSION AUSTRALIA**

In our opinion:

- (a) the financial report of Compassion Australia has been properly drawn up, and associated records have been properly kept, during the financial year ended 30 June 2018, in accordance with:
- (i) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*; and
 - (ii) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*.
- (b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2018 has been properly accounted for and applied in accordance with the above mentioned Act and Regulations.

Responsibilities

The directors of the company are responsible for preparing a financial report that has been properly drawn up, preparing associated records that have been properly kept, and properly accounting for money received in accordance with the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulation 2008*.

Our responsibility is to express an opinion based on our audit conducted in accordance with Australian Auditing Standards. The accounting records and data relied upon for the fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for the year-end financial report preparation. The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial statements. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Ashley Carle
Director
Brisbane, 1 November 2018

Compassion Australia
Declaration by Chief Executive Officer
30 June 2018

Declared Opinion

I, Timothy Hanna, Chief Executive Officer of Compassion Australia declare, in my opinion:

- (a) the financial report, set out on pages 7 to 27, gives a true and fair view of all income and expenditure of Compassion Australia with respect to fundraising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by Compassion Australia;
- (c) the provisions of the *Charitable Fundraising Act 1991* and the Regulations under that Act and the conditions attached to the authority have been complied with for the year 1 July 2017 to 30 June 2018; and
- (d) the internal controls exercised by Compassion Australia are appropriate and effective in accounting for all income received and applied by Compassion Australia from all of its fundraising appeals.



Timothy Hanna
Chief Executive Officer

1 November 2018