Annual Financial Statements

Year Ended 30 June 2022

Contents

ChildFund Australia

(A Company limited by guarantee)

ABN 79 002 885 761

Directors' report

The directors present their report on the consolidated financial statements of ChildFund Australia ("the Group") for the year ended 30 June 2022 and the auditor's report thereon.

Directors

The directors in office during the financial year and up to the date of this report were:

Belinda Lucas (Chair)

Belinda Lucas, appointed as Chair in November 2020, has over 20 years of experience in international development. She is a Monitoring and Evaluation Advisor to DFAT and the Australian Human Rights Commission. She is also a safeguarding specialist.

Michael Pain (Deputy Chair)

Over his career Michael Pain (Deputy Chair) worked with strategic and technology implementation projects across a range of industry sectors including financial services and was appointed to Deputy Chair in November 2020. Michael is a member of the Communications & Marketing Committee, the Program Review Committee, and the Audit, Risk & Nominations Committee.

Richard Moore

Richard Moore is a Manila based, strategic analyst, specialising in Southeast Asian development. He was previously Deputy Director General for Asia at the Australian Agency for International Development. Richard is Chair of the Program Review Committee and a member of the Communications & Marketing Committee.

David Shortland

David Shortland is a specialist governance advisor and communication counsel to boards and senior executives. He is a member of the Audit, Risk & Nominations Committee. David is a director of the international board of ChildFund Alliance.

Micaela Cronin

Micaela Cronin is a Director at the Future Social Service Institute in Melbourne. She was awarded the Robyn Clark Memorial Award for service and leadership in the children, youth, and family services sector. She is the Chair of the Communications & Marketing Committee.

Tureia Sample

Tureia Sample is an experienced lawyer specialising in critical infrastructure, supply chain and governance projects particularly in the communications, transport, health, and energy sectors. She is a partner at PwC, and previously held senior executive roles at SBS including Company Secretary and Director of Corporate Affairs. Tureia is a member of the Program Review Committee.

Directors' report (continued)

Lisa Hresc

Lisa Hresc is an experienced media, brand, and digital marketing strategist. Lisa has held executive leadership roles in Brand, Marketing & Communications across media, broadcast and in the not-for-profit sector for over twenty years. Lisa is the Director, Brand, Marketing & Communications for The Benevolent Society. She is a member of Australian Institute of Company Directors. Lisa is also a Board member on the Glycaemic Index Foundation board. Lisa is a member of the Communications & Marketing Committee and the Audit, Risk and Nominations Committee.

Kobus Ehlers

Kobus Ehlers is an experienced leader in governance, risk and compliance with more than 20 years' experience working and leading teams in large multinational companies across a range of industries and markets including Australia, Africa and Asia. Kobus is Chair of the Audit, Risk & Nominations Committee.

Nancy Tchou

Nancy Tchou has over 15 years' experience in investment banking, specialising in infrastructure mergers & acquisitions/investments. She is currently leading the superannuation fund efforts at a global investment bank. Nancy has significant experience in local and cross-border projects and has led landmark, high profile government strategic reviews and privatisations. Nancy is a member of the Audit, Risk and Nominations Committee.

Shantanu Paul

Shantanu has over a decade of experience in Social Entrepreneurship and International Development. He is currently the Managing Director of Leaders for Climate Action Australia. Shantanu previously sat as a youth representative on the Board of Plan International Australia and has led several youth initiatives in Australia. Shantanu is a member of the Program Review Committee.

Lyndsey Rice

Lyndsey has over 15 years leadership experience gained across international markets and is currently the Chief Executive Officer of Children's Hospital Foundation. She is experienced in strategic planning, fundraising, marketing, philanthropy, digital transformation and leading highly effective teams. Lyndsey's career spans international development, social services, health, medical research and the arts and she is passionate about building inclusive, engaged, and inspiring cultures to achieve the best possible outcomes for the communities we serve. Lyndsey is a member of the Communications & Marketing committee.

The following Directors were appointed during the financial year:

Tureia Sample (appointed 1 Jul 2021)
Nancy Tchou (appointed 24 Nov 2021)
Lyndsey Rice (appointed 24 Nov 2021)
Shantanu Paul (appointed 8 Feb 2022)

The following Directors resigned during the financial year:

Justine Richardson (resigned 24 Nov 2021)
Annabelle Williams OAM (resigned 24 Nov 2021)

Company Secretary
Adrian Graham

Directors' report (continued)

Directors' meetings

The number of directors' meetings and other committee meetings attended by each of the directors during the financial year were:

	Board Meetings		Audit, Risk & Nominations Committee		Program Review Committee		Communications and Marketing Committee	
	A	B	A	B	A	B	A	B
Belinda Lucas	6	6	6	5	4	4	0	0
Michael Pain	6	6	6	6	4	4	4	3
David Shortland	6	5	6	6	0	0	4	2
Justine Richardson	3	3	3	3	0	0	0	0
Richard Moore	6	6	0	0	4	4	4	3
Micaela Cronin	6	6	0	0	4	3	4	4
Annabelle Williams	3	2	0	0	0	0	0	0
Lisa Hresc	6	6	6	6	0	0	4	4
Kobus Ehlers	6	6	6	6	0	0	0	0
Tureia Sample	6	6	0	0	4	4	0	0
Nancy Tchou	4	4	3	3	0	0	0	0
Shantanu Paul	3	3	0	0	1	0	0	0
Lyndsey Rice	4	2	0	0	0	0	2	2

Column A – Indicates the number of meetings the director was eligible to attend.
Column B – Indicates the number of meetings attended.

From time to time, directors have also attended other meetings of importance.

Objectives

The Group is an independent international development organisation that works to reduce poverty for children in the most disadvantaged communities. Our vision is a world without poverty where all children and young people can say: "I am safe. I am educated. I contribute. I have a future." The Group works in partnership to create community and systems change which enables children and young people, in all their diversity, to assert and realise their rights.

Principal activities

The principal activity of the Group during the financial year was international aid and development delivered by working in partnership with children and their communities. Expenditure on overseas development activities, including community education was $40,471,443 (2021: $35,765,477).

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

Performance measurement

The Group has in place several performance measurement systems for its various functions. Program effectiveness is assessed against stated program objectives through regular monitoring and evaluation processes conducted by staff, partners and independent evaluators. Fundraising performance is measured against targets agreed annually.

Directors' report (continued)

Review and results of operations

Total comprehensive surplus for the year ended 30 June 2022 was $2,625,795 (2021: $3,791,297), which included unrealised loss on investments of $377,085 (2021: unrealised gain of $241,905) and has been taken to equity. The total equity of the Group as at 30 June 2022 totalled $21,992,111 (2021: $19,366,316).

Dividends

The Group's constitution does not permit dividends to be paid.

Liability of members

The liability of each member is limited to contributing up to $100 for payment of the Group's debts and liabilities, and of the costs, charges, and expenses of winding up and for adjustments of the rights of the contributions among themselves.

Environmental regulation

The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the Group.

Significant changes in the state of affairs

The Coronavirus outbreak (COVID-19) impacted our ability to deliver programs to varying extents across our countries of operation and curtailed some fundraising activities during the financial year under review. In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

Likely developments

It is not foreseen that the Group will undertake any change in its general direction during the coming financial year. Further information about likely developments in the operations of the Group and the expected results in future financial years has not been included in this report because disclosure of such information would likely result in unreasonable prejudice to the Group.

Events subsequent to reporting period

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 likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years. The Group continues to manage and respond to the impact of COVID-19 in its program response and its operations, but the impact has lessened compared to prior year.

Indemnification and insurance of officers

Indemnification

The Group has agreed to indemnify the current directors of the Group and the former directors against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Directors' report (continued)

Insurance premiums
During the financial year, the Group maintained an Association Liability insurance policy which included cover in respect of directors' and officers' liability and legal expenses for current and former directors and officers. The insurance policy relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Association Liability insurance policy does not disclose separately the premium for the above insurance in respect of individual officers of the Group or in aggregate for all directors and officers. The premium paid for the Association Liability insurance policy was $9,500 (2021: $8,360).

Lead auditor's independence declaration
The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for financial year ended 30 June 2022.

Signed in accordance with a resolution of the directors:

Belinda Lucas	Kobus Ehlers
Director	Director

Dated at Sydney this 26th day of October 2022

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the members of ChildFund Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

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

KPMG

KPMG

Cameron Roan

Partner

Sydney

26 October 2022

Consolidated Statement of profit and loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Monetary donations and gifts			
Child sponsorship donations		18,582,091	18,938,189
Other donations		4,477,245	4,677,666
		23,059,336	23,615,855
Legacies and bequests		214,680	316,131
Grants			
Department of Foreign Affairs and Trade	6	6,585,306	6,116,440
Other Australian	7	2,181,876	2,191,640
Overseas	8	17,888,640	15,141,171
		26,655,822	23,449,251
Investment income	9	354,132	270,640
Other income	10	1,119,173	2,913,662
Total revenue		**51,403,143**	**50,565,539**
Expenditure			
International Aid and Development Programs Expenditure			
International programs			
Funds to international programs	11	38,417,221	32,737,356
Program support costs		1,571,483	2,477,671
		39,988,704	35,215,027
Community education		482,739	550,450
Fundraising costs			
Public		5,809,688	7,728,619
Government, multilateral and private		109,091	99,191
Accountability and administration	12	2,963,933	2,638,798
Total expenditure		**49,354,155**	**46,232,085**
Surplus of revenue over expenditure		**2,048,988**	**4,333,454**
Other comprehensive income			
Net change in fair value of equity investments	9	(377,085)	241,905
Foreign operations – foreign currency translation		953,892	(784,062)
Total comprehensive surplus for the year		**2,625,795**	**3,791,297**

The Consolidated Statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 12 to 32.

Consolidated Statement of financial position

As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Cash and cash equivalents	14	11,451,224	22,711,694
Trade and other receivables	15	2,858,526	2,857,847
Investments – financial assets	16	13,095,225	1,320,000
Total current assets		27,404,975	26,889,541
Investments – financial assets	16	3,673,003	3,834,196
Property, plant, and equipment	17	926,852	907,382
Intangibles	18	800,632	1,027,865
Right-of-use assets	19(a)	926,425	791,111
Total non-current assets		6,326,912	6,560,554
Total assets		**33,731,887**	**33,450,095**
Liabilities			
Trade and other payables	20	8,594,245	11,159,467
Provisions	21	1,272,681	950,465
Lease liabilities	19(b)	345,374	528,591
Total current liabilities		10,212,300	12,638,523
Provisions	21	938,326	1,103,171
Lease liabilities	19(b)	589,150	342,085
Total non-current liabilities		1,527,476	1,445,256
Total liabilities		**11,739,776**	**14,083,779**
Net assets		**21,992,111**	**19,366,316**
Equity			
Unrestricted reserves			
Retained surplus	22	9,938,007	8,082,113
Bequest reserve	22	500,000	500,000
Fair-value reserve	22	574,273	951,358
Unrestricted reserves		11,012,280	9,533,471
Restricted reserves	22	10,979,831	9,832,845
Total Equity		**21,992,111**	**19,366,316**

The Consolidated Statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 32.

Consolidated Statement of changes in equity

For the year ended 30 June 2022

	Retained surplus $	Bequest Reserve $	Fair value reserve $	Restricted reserve $	Total equity $
Balance as at 1 July 2020	**5,769,325**	**500,000**	**709,453**	**8,596,241**	**15,575,019**
Total comprehensive income for the period					
Surplus of revenue over expenditure	4,333,454	-	-	-	4,333,454
Other comprehensive income					
Net change in fair value of equity investments at FVOCI	-	-	241,905	-	241,905
Transfers to restricted funds	(2,020,666)			2,020,666	-
Foreign operations – foreign currency translation	-	-	-	(784,062)	(784,062)
Balance as at 30 June 2021	**8,082,113**	**500,000**	**951,358**	**9,832,845**	**19,366,316**
Balance as at 1 July 2021	**8,082,113**	**500,000**	**951,358**	**9,832,845**	**19,366,316**
Total comprehensive income for the period					
Surplus of revenue over expenditure	2,048,988	-	-	-	2,048,988
Other comprehensive income					
Net change in fair value of equity investments at FVOCI	-	-	(377,085)	-	(377,085)
Transfers to restricted funds	(193,094)	-	-	193,094	-
Foreign operations – foreign currency translation	-	-	-	953,892	953,892
Balance as at 30 June 2022	**9,938,007**	**500,000**	**574,273**	**10,979,831**	**21,992,111**

The Consolidated Statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 32.

Consolidated Statement of cash flows

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash received from DFAT	6	6,269,477	6,648,002
Cash receipts in the course of operations		41,588,229	46,281,874
Cash payments in the course of operations		(46,732,643)	(46,192,695)
Interest paid on lease liabilities	19(b)	(38,425)	(60,604)
Net cash from operating activities	25	1,086,638	6,676,577
Cash flows from investing activities			
Investment in financial assets		(215,893)	(449,319)
(Investments in)/proceeds from bank term deposits		(11,775,225)	3,021,813
Acquisition of intangibles, property, plant & equipment	17	(160,143)	(337,240)
Proceeds from disposal of property, plant & equipment	17	-	1,373
Investment income received		287,145	186,647
Interest received		66,987	76,835
Net cash (used in)/from investing activities		(11,797,129)	2,500,109
Cash flows from financing activities			
Proceeds from sub-leasing		47,472	56,259
Repayment of lease obligations	19(d)	(597,451)	(585,907)
Net cash used in financing activities		(549,979)	(529,648)
Net (decrease)/ increase in cash and cash equivalents		(11,260,470)	8,647,038
Cash and cash equivalents at 1 July		22,711,694	14,064,656
Cash and cash equivalents at 30 June	14	**11,451,224**	**22,711,694**

The Consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 32.

Notes to the financial statements
Year ended 30 June 2022

1. Reporting entity

ChildFund Australia and its consolidated entity (the "Group") is a public Company limited by guarantee and a not-for-profit entity. It is an income tax exempt charitable organisation domiciled in Australia and its registered office is at Level 8, 162 Goulburn Street, Surry Hills NSW 2010. The mission of the Group is to work in partnership to create community and systems change which enables children and young people, in all their diversity, to assert and realise their rights.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements are general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), Australian Charities and Not-for-profits Commission (ACNC) and the Australian Council for International Development (ACFID) Code of Conduct Guidance.

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

The financial statements were approved by the Board of Directors on the 26th of October 2022.

(b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has two subsidiaries: International Christian Aid Relief Enterprises Limited (ICARE)* and ChildFund Papua New Guinea Inc. The Group operates in five overseas branches in Cambodia, Timor-Leste, Laos, Myanmar and Vietnam.

*Refer to note 24 for details on the discontinuance of ICARE.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Group is a signatory to the ACFID Code of Conduct and the Group has presented its Consolidated Statement of profit and loss and other comprehensive income in accordance with the Code of Conduct Implementation Guidance.

(a) Revenue recognition

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 1058
Child sponsorship, Global community, gifts and donations	The nature of revenue is such that it does not meet the requirements of AASB 15 as there is no enforceable contract nor there are any specific performance obligations. Revenue is recognised when the Group gains control of the contribution.	Revenue is recognised when the Group gains control of the contribution. Amounts received are recognised immediately in profit or loss.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Grants	Grant revenue reflects the status of the delivery of goods and services to date. Unexpended grants are recognised as liabilities (deferred revenue) to reflect the performance obligations to deliver further goods and services outlined in the grant agreement.	Grants from Government, multilateral and non-government organisations are recognised as revenue when (or as) the performance obligations are satisfied. Unexpended grants are recognised as liabilities to reflect the obligation to repay any unspent portion at the completion of the program.

(b) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

3. Significant accounting policies (continued)

(b) Leases (continued)

(i) As a lessee (continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities are also presented separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Significant accounting policies (continued)

(b) Leases (continued)

(ii) As a Lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of “other income”.

(c) Taxation

No income tax is payable as the Group is exempt under Australian taxation legislation.

(d) Comparatives

Where required by accounting standards or where items have been reclassified, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of 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.

Notes to the financial statements
Year ended 30 June 2022

3. Significant accounting policies (continued)

(f) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to Australian dollars at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations
The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the end of each reporting period. Foreign exchange differences arising on consolidation are recognised in other comprehensive income.

(g) Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

(ii) Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Equity instruments at FVOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Group's debt instruments are subsequently measured at amortised cost and equity instruments at FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

(iv) Subsequent measurement of financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets - Subsequent measurement and gains and losses

(a) Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income is recognised in profit or loss. The Group's receivables fall into this category of financial instruments.

Receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

(b) Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(c) Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets

AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has one type of financial assets (trade and other receivables) that are subject to AASB 9's expected credit loss model. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss as the balances are held with financial institutions with high credit rating.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the consolidated statement of comprehensive income. The cumulative loss that is reclassified from equity to statement of comprehensive income is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated statement of comprehensive income. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an assets or its related cash generating unit (CGU) exceeds its recoverable amount.

3. Significant accounting policies (continued)

(i) Property, plant and equipment

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs
The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the consolidated statement of comprehensive income as incurred.

Depreciation
Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each consolidated part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods were as follows:

• Furniture, fittings, and office equipment	4 to 5 years
• Buildings	40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Non-current assets at overseas branches
Items of plant and equipment acquired for use on specific grant funded projects for use by overseas branches are expensed at the time of purchase.

Capital works in progress
Only items ready for use are included in cost of assets and depreciated. Capital works in progress are capitalised but not depreciated.

(j) Intangible assets and software

The implementation cost of information technology systems that have a useful life beyond 2 years is capitalised and amortised over the expected life of 9 years once available for use. Only direct labour and external consultant costs are capitalised.

(k) Employee benefits

Wages, salaries, annual leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and non-monetary benefits that are expected to be settled within 12 months of each reporting period date represent present obligations resulting from employees' services provided to the end of each reporting period. These are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the end of each reporting period including related on-costs such as workers compensation insurance and payroll tax. Non-accumulation non-monetary benefits are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

3. Significant accounting policies (continued)

(k) Employee benefits (continued)

Long term service benefits
The Group's net obligation in respect of annual leave expected to be settled after 12 months and other long term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to the corporate bonds at the end of reporting period which have maturity dates approximating to the terms of the Group's obligations.

Superannuation
Contributions made by the Group to employee superannuation funds are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to the employee upon retirement.

(l) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Finance income

Interest income is recognised in the consolidated statement of comprehensive income, using the effective interest method.

4. Determination of fair value

Investments in equity and debt securities
The fair value of investments in equity instruments is determined by reference to their last sale price at the end of each reporting period.

5. Personnel expenses

	2022 $	2021 $
Management and support staff (Australia)		
Salaries and wages	5,698,494	5,815,271
Superannuation	557,097	543,366
Other personnel expenses	88,126	92,860
Subtotal	**6,343,718**	**6,451,497**
Project staff in countries of operation		
Salaries and wages	6,385,540	5,818,101
Social protection expenses	156,165	246,905
Other personnel expenses	787,212	704,014
Subtotal	**7,328,917**	**6,769,020**
Total personnel expenses	**13,672,635**	**13,220,517**

Notes to the financial statements
Year ended 30 June 2022

6. Department of Foreign Affairs and Trade Grants

	2022 $	2021 $
Deferred DFAT Grants at the beginning of the year	1,527,294	995,732
DFAT Grants received during the year	6,269,477	6,648,002
DFAT Grants revenue recognised during the year	(6,585,306)	(6,116,440)
Deferred DFAT Grants at the end of the year	**1,211,465**	**1,527,294**

7. Other Australian Grants

	2022 $	2021 $
Deferred Grants at the beginning of the year	2,102,968	855,260
Other Australian Grants received during the year	426,199	3,439,348
Other Australian Grants revenue recognised during the year	(2,181,876)	(2,191,640)
Deferred Grants at the end of the year	**347,291**	**2,102,968**

8. Overseas Grants

	2022 $	2021 $
Deferred Grants at the beginning of the year	4,669,018	3,189,452
Overseas Grants received during the year	17,430,131	16,620,737
Overseas Grants revenue recognised during the year	(17,888,640)	(15,141,171)
Deferred Grants at the end of the year	**4,210,509**	**4,669,018**

9. Investment income

	2022 $	2021 $
Recognised in comprehensive income		
Income from equity investments	287,145	186,647
Interest on term deposits	66,987	83,993
	354,132	**270,640**
Recognised in other comprehensive income		
Net change in fair value of equity investments	(377,085)	241,905
	(377,085)	**241,905**

10. Other income

	2022 $	2021 $
Fundraising grant – ChildFund International	1,020,728	1,661,135
Australian Government subsidy - Jobkeeper	-	1,162,500
Other	98,445	90,027
	1,119,173	**2,913,662**

11. Funds to international programs

	2022 $	2021 $
Asia	19,435,177	17,726,951
Pacific	12,201,766	7,724,595
Africa	5,906,261	6,234,437
Latin America	874,017	1,051,373
	38,417,221	**32,737,356**

12. Accountability and administration

	2022 $	2021 $
Personnel expenses (part of personnel expenses set out in note 5)	2,289,415	2,178,043
Depreciation - Property, plant and equipment *	85,521	83,096
Amortisation **	71,905	49,731
Depreciation – Right-of-use Assets *	30,102	92,491
Interest – Lease liabilities *	1,663	3,190
Other administration expenses	485,327	232,247
	2,963,933	**2,638,798**

* Depreciation – Property, plant and equipment, Depreciation – Right-of-use Assets and Interest – Lease liabilities incurred in ChildFund Australia Sydney office are recognised in Accountability and administration expenditure. Those costs incurred in ChildFund Australia country offices are recognised in Funds to international programs in the Consolidated statement of comprehensive income.

** Total amortisation costs of $227,233 (Included in note 18) for the marketing software solution has been apportioned across fundraising, program support and accountability and administration expenditure.

Notes to the financial statements
Year ended 30 June 2022

13. Auditors remuneration

	2022 $	2021 $
Audit services:		
Auditors of the Group		
KPMG Australia:		
- audit of financial statements	55,851	52,920
Other audit firms Australia:		
- audit of financial statements	2,000	1,800
Overseas KPMG firms:		
- audit and review of financial statements	79,709	71,385
Overseas other audit firms:		
- audit and review of financial statements	7,869	7,396
	145,429	133,501
Other services:		
Overseas KPMG firms:		
- other services	11,637	5,940
Overseas other audit firms:		
- other services	38,489	81,839
	50,126	87,779

14. Cash and cash equivalents

	2022 $	2021 $
Cash at bank (held in AUD)	949,429	6,841,881
Cash at bank (held in various currencies)	2,853,725	3,954,278
Cash term deposits (held in AUD and USD)	4,328,419	9,459,381
Cash at bank, branch offices & others (held in various currencies)	3,319,651	2,456,154
	11,451,224	**22,711,694**

Cash at bank
The weighted average interest rate on cash at bank in AUD at 30 June 2022 was 0.003% (2021: 0.008%). No interest is receivable on USD bank balance.

Cash term deposits
The deposits are fixed term deposits maturing in less than three months from the date of acquisition, and funds in “maxi saver” accounts. The weighted average interest rate on short term deposits as at 30 June 2022 is 0.983% (2021: 0.134%).

15. Trade and other receivables

	2022	2021
	$	$
Sundry debtors	2,447,180	2,405,303
Lease receivable	6,136	53,607
Prepayments	405,210	398,937
	2,858,526	**2,857,847**

The future expected lease receipts arising from the subletting of ChildFund Australia's Papua New Guinea office is recognised in Lease receivable.

16. Investments – financial assets

	2022	2021
Current	**$**	**$**
Term deposits – current	13,095,225	1,320,000
	13,095,225	**1,320,000**
Non-current		
Equity investments at FVOCI	3,673,003	3,834,196
	3,673,003	**3,834,196**
Total Investments	**16,768,228**	**5,154,196**

Term deposit current

The deposits are fixed term deposits maturing three months or more from the date of acquisition. The weighted average interest rate on these term deposits as at 30 June 2022 is 1.49% (2021: 0.25%).

Equity investments at FVOCI

Equity investments at FVOCI represents long term investments held by the Group for strategic purposes. An unrealised loss of $377,085 (2021: unrealised gain of $241,905) being the difference between the fair value of the equity investments at FVOCI at balance sheet date and carrying value was taken up in equity. The Group's Equity investments are managed by JB Were.

Notes to the financial statements
Year ended 30 June 2022

17. Property, plant, and equipment

	Buildings	Furniture, fittings, and office equipment	Total
	$	$	$
Cost			
Balance at 1 July 2021	1,182,042	1,756,494	2,938,536
Acquisitions	-	160,143	160,143
Disposals	-	(114,693)	(114,693)
Effect of movements in exchange rates	-	116,333	116,333
Balance at 30 June 2022	1,182,042	1,918,277	3,100,319
Depreciation			
Balance at 1 July 2021	580,913	1,450,241	2,031,154
Depreciation charge for the year	31,638	122,684	154,322
Disposals	-	(114,693)	(114,693)
Effect of movements in exchange rates	-	102,684	102,684
Balance at 30 June 2022	612,551	1,560,916	2,173,467
Carrying amounts			
At 1 July 2021	601,129	306,253	907,382
At 30 June 2022	**569,491**	**357,361**	**926,852**

18. Intangibles

	Total
Software	$
Cost	
Balance at 1 July 2021	2,410,572
Acquisition	-
Balance at 30 June 2022	2,410,572
Amortisation	
Balance at 1 July 2021	1,382,707
Amortisation charge for the year	227,233
Balance at 30 June 2022	1,609,940
Carrying amounts	
At 1 July 2021	1,027,865
At 30 June 2022	**800,632**

19. Leases

Leases as lessee (AASB16)

The Group leases office properties and equipment under operating leases. The leases typically run for a period of two to five years. The leases generally provide the Group with an option to review at which time all terms are renegotiated. Some leases provide for additional rent payments that are based on changes in local price indices.

a) Right-of-use assets

Right-of-use assets are leased office properties and equipment that do not meet the definition of property owned by the Group and presented as property, plant and equipment (see Note 17).

	Property	Office equipment	Total
	$	$	$
Cost			
Balance at 1 July 2021	1,771,357	74,847	1,846,204
Acquisitions	486,624	81,294	567,918
Write-offs	(710,240)	(78,003)	(788,243)
Effect on movements in exchange rate	123,612	-	123,612
Balance at 30 June 2022	1,671,353	78,138	1,749,491
Depreciation			
Balance at 1 July 2021	997,491	57,602	1,055,093
Depreciation	457,067	30,103	487,170
Write-offs	(710,240)	(78,003)	(788,243)
Effect on movements in exchange rate	69,046	-	69,046
Balance at 30 June 2022	813,364	9,702	823,066
Carrying amounts			
Balance at 1 July 2021	773,866	17,245	791,111
Balance at 30 June 2022	**857,989**	**68,436**	**926,425**

b) Lease liabilities

	Property	Office equipment	Total
	$	$	$
Balance at 1 July 2021	852,891	17,785	870,676
Additions	486,624	81,294	567,918
Interest	36,757	1,668	38,425
Lease payments	(605,600)	(30,276)	(635,876)
Effect on movements in exchange rates	93,381	-	93,381
Balance at 30 June 2022	**864,053**	**70,471**	**934,524**

Notes to the financial statements
Year ended 30 June 2022

19. Leases (continued)

b) Lease liabilities

Presented in the statement of financial position as follow:

	2022	2021
	$	$
Current	345,374	528,591
Non - current	589,150	342,085
	934,524	**870,676**

c) Amounts recognised in statement of comprehensive income

	2022	2021
	$	$
Interest on lease liabilities	38,425	60,604
Depreciation expenses	487,170	553,613

d) Amounts recognised in statement of cash flows

	2022	2021
	$	$
Total Cash outflow for leases	597,451	585,907

e) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $318,186.

20. Trade and other payables

	2022	2021
	$	$
Accounts payable	1,665,033	1,646,731
Unremitted funds	842,162	843,408
Donation revenue received in advance	317,785	370,048
Deferred grant revenue - DFAT	1,211,465	1,527,294
Deferred grant revenue – Other Australian Grants	347,291	2,102,968
Deferred grant revenue – Overseas Grants	4,210,509	4,669,018
	8,594,245	**11,159,467**

Interest accrues (at bank deposit rate) on unspent DFAT grants. All such interest is added to the grant amount and is used to fund international programs.

21. Provisions

	2022	2021
	$	$
Current liabilities		
Liability for annual leave	617,304	582,834
Liability for long service leave	655,377	367,631
	1,272,681	**950,465**
Non-current liabilities		
Liability for long service leave	938,326	1,103,171
	938,326	**1,103,171**

22. Share capital and reserves

Share capital
No share capital has been issued as the Group is a company limited by guarantee.

Unrestricted reserves
Unrestricted reserves are not restricted or designated for use in particular programs or other defined or designated purpose. These funds are available to be allocated at the discretion of the directors. Unrestricted reserves compose:

Retained Surplus
The retained surplus is general unrestricted funds for use at the discretion of the Directors in furtherance of the objective of the Group.

Bequest reserve
The bequest reserve is not restricted or designated for use in particular programs or other defined or designated purpose. These are bequest funds that the Directors have set aside with an intention to set up an endowment fund in future. These funds are available to be allocated to other purposes at the discretion of the directors.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of equity investments at FVOCI until the investment is derecognised or impaired.

Restricted reserves
Restricted reserves are tied to particular purposes specified by donors or as identified at the time of a public appeal; but with no obligation to return unspent funds to donors. The foreign currency translation difference on consolidation of foreign operations is included in restricted reserves. They are not available for use in other ChildFund Australia work.

23. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. As at 30 June 2022 there were 11 members (2021: 10 members).

24. Related parties

Transactions with key management personnel

In addition to a salary, the Group also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf. No loans were made, guaranteed, or secured by the entity to key management personnel.

24. Related parties (continued)

Key management personnel compensation

The key management personnel compensation included in the statement of comprehensive income and the statement of financial positions are as follows:

	2022	2021
	$	$
Short - term employee benefits	1,097,077	1,130,722
Post-employment benefits	103,024	95,533
Long - term employee benefits	53,358	34,917
	1,253,459	**1,261,172**

Controlled Entities

International Christian Aid Relief Enterprises (ABN 16 002 516 485) (ICARE), established in Australia and 100% owned by ChildFund Australia. At a Member's general meeting dated 27th July 2022, ChildFund Australia resolved to voluntarily dissolve ICARE in line with those requirements under Section 601(AA) 2 of the Corporations Act 2001 (Cth). ICARE intends to provide its remaining available funds to support education programs run by ChildFund PNG Inc. in line with ICAREs objects. Upon dissolution, any surplus assets of ICARE will be transferred to an overseas aid fund in accordance with clauses 16.3 and 17 of the company's Constitution. With a net equity position of $91,489, the dissolution does not have a material impact on the Group's results.

Other related party transactions

ChildFund Australia is a member of the ChildFund Alliance – a global network of 12 organisations which assists more than 23 million children and families in 70 countries.

During the year ChildFund International, a member of the ChildFund Alliance, granted an amount of $1,020,728 (2021: $1,661,135) to ChildFund Australia to invest in sponsor acquisition.

During the year, sponsorship, gifts, donations and grants totalling $9,831,673 (2021: $10,252,401) were included in disbursements to ChildFund Alliance members who have the responsibility for allocating those funds to programs throughout the world. During the year ChildFund Australia received $11,944,277 (2021: $12,556,966) from ChildFund Alliance members for programs in ChildFund Australia managed country programs.

Overseas subsidiary and branches

The results of country offices are included in these consolidated financial statements.

i) Papua New Guinea

The Group's subsidiary – ChildFund PNG Inc, a locally registered NGO delivers the Group's principal activities. The subsidiary is under the control of the Group and prepares separate financial statements which are independently audited by KPMG PNG.

During the year, the funds from the Group to the Papua New Guinea country office totalled $2,482,905 (2021: $2,587,580). In-country grants to Papua New Guinea country office totalled $5,488,791 (2021: $2,233,328). At year-end, the net assets were $68,893 (2021: $74,691).

24. Related parties (continued)

ii) Vietnam

The Group operates a country office in Vietnam to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Vietnam.

During the year, the funds from the Group to the Vietnam country office totalled $4,749,250 (2021: $4,168,071). In-country grants to Vietnam country office totalled $820,471 (2021: $912,421). At year-end, the net assets were $2,830,571 (2021: $2,945,783).

iii) Cambodia

The Group operates a country office in Cambodia to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Cambodia.

During the year, the funds from the Group to the Cambodia country office were $3,468,154 (2021: $2,805,224). In-country grants to Cambodia country office totalled $2,286,306 (2021: $2,703,435). At year-end, the net assets were $3,011,363 (2021: $2,867,584).

iv) Laos

The Group operates a country office in Laos to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Laos.

During the year, the funds from the Group to the Laos country office totalled $1,859,836 (2021: $1,558,094). In-country grants to Laos' country office totalled $1,122,259(2021: $598,000). At year-end, the net assets were $164,967 (2021: $182,655).

v) Myanmar

The Group operates a country office in Myanmar to assist in the Group's principal activities. The country office is under the control of the Group and prepares separate financial statements which are independently audited by KPMG Thailand.

Ongoing political instability resulted in reduced program activities in Myanmar. During the year, the funds from the Group to the Myanmar country office totalled $232,684 (2021: $798,850). In-country grants to Myanmar country office totalled $389,134 (2021: $609,512). At year-end, the net assets were $27,020 (2021: $24,960).

vi) Timor Leste

The Group operates a country office in Timor Leste to assist in the Group's principal activities. The country office is under the control of the Group and prepares specific financial statements which are independently audited by Stantons International (Australia).

During the year, the funds from the Group to the Timor Leste country office totalled $1,966,191 (2021: $1,618,997). In-country grants to Timor Leste country office totalled $483,568 (2021: $235,878). At year-end, the net assets were $1,461,031 (2021: $1,270,396).

vii) ChildFund Sports for Development

During the year, the ChildFund Sports for Development Regional Program operated in Laos, Vietnam, Cambodia, Philippines, Fiji and Samoa. Total program funding amounted to $2,700,028 (2021: $1,595,405). Sports for Development program costs in Laos, Vietnam and Cambodia have also been included in each country's funding reported above.

25. Notes to the statement of cash flows

	2022 $	2021 $
Surplus for the year	2,048,988	4,333,454
Depreciation – Property, plant and equipment	154,322	145,689
Amortisation	227,233	205,058
Depreciation – Right-of-use Assets	487,170	553,613
Investment income	(287,145)	(186,647)
Gain on disposal – Property, plant and equipment	-	(1,373)
Interest income	(66,987)	(76,837)
Foreign Operations – Foreign currency translation	979,058	(784,062)
Operating gain before changes in working capital and provisions	3,542,639	4,188,895
(Increase) in trade and other receivables*	(48,150)	(623,860)
(Decrease)/Increase in trade and other payables	(2,565,222)	2,991,146
Increase in employee benefits provisions	157,371	120,396
Net cash from operating activities	1,086,638	6,676,577

*Increase in trade and other receivables exclude decrease in lease receivable of $47,471. See Note 15.

26. Events subsequent to reporting period

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 likely, in the opinion of the directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years. The Group continues to manage and respond to the impact of COVID-19 in its program response and its operations.

27. Financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities in AUD.

	Note	2022 $	2021 $
Financial assets measured at amortised cost			
Trade and other receivables**	15	2,453,316	2,458,910
Cash and cash equivalents	14	11,451,224	22,711,694
		13,904,540	25,170,604
Financial liabilities measured at amortised cost			
Trade and other payables	20	8,594,245	11,159,467

**prepayments are not financial instruments and are excluded

The fair value of financial assets and liabilities are equivalent to the carrying amounts in the balance sheet.

Notes to the financial statements
Year ended 30 June 2022

28. Additional information and declarations to be furnished under the Charitable Fundraising (NSW) Act 1991

Public fundraising appeals conducted during the financial year

- Ongoing sponsorship of children, gifts for children and donations.

Statements showing how funds received were applied to charitable purposes

	2022 $	2021 $
Gross revenue from public activities	23,274,016	23,931,986
Less: Public fundraising costs	(5,809,688)	(7,728,619)
Net public funds	17,464,328	16,203,367
Gross Government, overseas, multilateral & corporate grants	26,655,822	23,449,251
Less: Government, multilateral & corporate fundraising costs	(109,091)	(99,191)
Net Government, overseas, multilateral & corporate funds	26,546,731	23,350,060
Other revenue	1,473,305	3,184,302
Net funds raised	45,484,364	42,737,729
Overseas project disbursements	38,417,221	32,737,356
Program support costs	1,571,483	2,477,671
Community education costs	482,739	550,450
Total funds disbursed towards the objectives of the Company	40,471,443	35,765,477
Accountability and administration expenses	2,963,933	2,638,798
Operating surplus	2,048,988	4,333,454

Directors' declaration

In the opinion of the directors of ChildFund Australia ("the Group"):

(a) the Group is not publicly accountable;

(b) the financial statements and notes that are set out on pages 8 to 32 are in accordance with the Australian Charities and Not-for-profits Commission Regulation 2013, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosure requirements, the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Belinda Lucas
Director

Kobus Ehlers
Director

Dated at Sydney this 26th day of October 2022

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Margaret Sheehan, Chief Executive Officer of ChildFund Australia, declare that in my opinion:

(a) the accounts give a true and fair view of all income and expenditure of ChildFund Australia with respect to fundraising appeals for the financial Year Ended 30 June 2022;

(b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals as at 30 June 2022;

(c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the year ending 30 June 2021; and

(d) the internal controls exercised by the ChildFund Australia are appropriate and effective in accounting for all income received.

Margaret Sheehan
Chief Executive Officer

Dated at Sydney this 26th day of October 2022

Independent Auditor's Report

To the members of ChildFund Australia

Report on the audit of the Annual Financial Statements

Opinion

We have audited the ***Annual Financial Statements*** of the ChildFund Australia ("the Group").

In our opinion, the accompanying Annual Financial Statements of the ChildFund Australia are in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date;

ii. complying with *Australian Accounting Standards–Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR); and*

iii. complying with the presentation and disclosure requirement of the ACFID Code of Conduct.

The ***Annual Financial Statements*** comprises:

i. Consolidated statement of financial position as at 30 June 2022.

ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration.

v. Declaration by the Chief Executive Officer in respect of fundraising appeals

The Group consists of the ChildFund Australia (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Annual Financial Statements* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and 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 Annual Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Other Information is financial and non-financial information in ChildFund Australia's annual reporting which is provided in addition to the Annual Financial Statements and the Auditor's Report. The Director are responsible for the Other Information.

Our opinion on the Annual Financial Statements does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Annual Financial Statements

The Directors are responsible for:

- Preparing the Annual Financial Statements that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021.*
- Implementing necessary internal control to enable the preparation of Annual Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Annual Financial Statements as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 Annual Financial Statements.

Auditor’s responsibilities for the audit of the Annual Financial Statements (continued)

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 Annual Financial Statements, 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 registered Group’s internal control.

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

- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and 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 Annual Financial Statements 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 registered Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company 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.

A further description of our responsibilities for the audit of the Annual Financial Statements is located at the Auditing and Assurance Standard Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor’s Report.

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Annual Financial Statements such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- the Annual Financial Statements give a true and fair view of the Group's financial result of the fundraising appeal activities for the financial year ended 30 June 2022;
- the Annual Financial Statements have been properly drawn up, and the associated records have been properly kept for the period from 1 July 2021 to 30 June 2022, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- money received as a result of Fundraising appeal activities conducted during the period from 1 July 2021 to 30 June 2022 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and regulations; and
- there are reasonable grounds to believe that the Group and Company will be able to pay its debts as and when they fall due.

KPMG

KPMG

Cameron Roan

Partner

Sydney

26 October 2022