

HOPE worldwide (Australia)
Limited

Consolidated Financial Report
For the year ended
31 March 2017

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Directors report

The directors present their report together with the consolidated financial report of HOPE worldwide (Australia) Limited for 12 months ended 31 March 2017 and the auditor's report thereon. This financial report has been prepared in accordance with the Australian Accounting Standards.

Directors names

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

Kevin Michael Roland

Michael John Fontenot

Graham John Gumley

John Hancell

Antonio Pablo

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

Results

The deficit of the group for the year amounted to (\$4,965).

Review of operations

The company continued to engage in its principle activity, the results of which are disclosed in the attached consolidated financial statements.

Directors report

Company objectives

HOPE Worldwide (Australia) Limited has 4 major strategic goals and related performance targets. To assist in achieving our strategic goals and performance targets, we have also identified a small number of key supporting strategies.

| Strategic Goals | Supporting Strategies |
|--|--|
| <ul style="list-style-type: none"> • Support HOPE <i>worldwide</i> (PNG) in providing medical and educational programs that benefit the underprivileged in Papua New Guinea | <ul style="list-style-type: none"> • Publicity • Fundraising • Sourcing new grants • With the board of HOPE <i>worldwide</i> (PNG), oversee HOPE worldwide (PNG) senior management, strategic planning, and program implementation |
| <ul style="list-style-type: none"> • Develop and continue to implement volunteer programs in Australia | <ul style="list-style-type: none"> • Through our subsidiary HOPE <i>worldwide</i> (Australia) Aid Pty Ltd, operate local programs that benefit the community in all locations where we have partner churches |
| <ul style="list-style-type: none"> • Develop and continue to implement volunteer programs overseas | <ul style="list-style-type: none"> • Operate HOPE brigades in PNG and other similar programs throughout the South Pacific. • Coordinate HYC, HSC & HVC programs with HOPE <i>worldwide</i> Ltd of the United States. |
| <ul style="list-style-type: none"> • Support HOPE <i>worldwide</i> affiliated programs in Afghanistan and Cambodia and provide disaster relief when possible | <ul style="list-style-type: none"> • Fundraise for programs in Afghanistan • Support selected programs connected with the Sihanouk Hospital Centre of HOPE in Phnom Pehn • Fundraise for disaster relief where possible |

Directors report

Information on directors

Graham John Gumley
Experience
Special responsibility

Doctor
President from 2 May 2014

Kevin Michael Roland
Experience

Emergency Medical Technician (Fire-fighter/Paramedic)

Michael John Fontenot
Experience

Minister of Religion

John Hancell
Experience

Accountant & Minister of Religion

Antonio Pablo
Experience

Doctor

Directors report

Meetings of directors

| Directors | Directors' meetings | |
|-----------------------|---------------------|----------|
| | Eligible to attend | Attended |
| Graham John Gumley | 5 | 4 |
| Kevin Michael Roland | 5 | 4 |
| Michael John Fontenot | 5 | 4 |
| John Hancell | 5 | 5 |
| Antonio Pablo | 5 | 3 |

Members guarantee

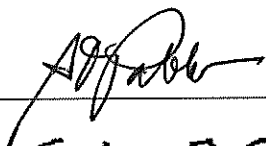
The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$50 each towards meeting any outstandings and obligations of the group. At 31 March 2017 the number of members was 114.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit of HOPE worldwide (Australia) Limited for the 12 months is provided with this report.

Signed on behalf of the directors:

Director: _____



Director: _____



Dated this 4th day of Aug 2017

Hope Worldwide (Australia) Limited

ABN: 70 062 075 218

Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2017, there have been:

- a) no contravention of the auditor's independence requirements as set out in Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Saward Dawson



Jeffrey Tulk

Partner
Blackburn VIC

Dated: 4 August 2017

HOPE worldwide (Australia) Limited
ABN 70 062 075 218

Statement of Consolidated Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2017

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Contributions | 156,203 | 194,512 |
| Volunteer corps fees | 24,184 | 20,289 |
| Other donations - grants etc | - | 128,213 |
| Fundraising | 1,100 | 2,156 |
| Interest income | 757 | 917 |
| Other income | 36 | 6,944 |
| | <u>182,280</u> | <u>353,031</u> |
| Less: expenses | | |
| Staff related expenses | (92,743) | (96,472) |
| Donations | (60,061) | (212,314) |
| Travel & accommodation | (14,134) | (13,835) |
| Audit fees | (5,000) | (4,275) |
| Insurance | (4,200) | (2,557) |
| Depreciation | (127) | (127) |
| Other administrative expenses | (10,979) | (24,358) |
| | <u>(187,245)</u> | <u>(353,938)</u> |
| Surplus / (Deficit) | <u>(4,965)</u> | <u>(907)</u> |
| Other comprehensive income for the year | <u>-</u> | <u>-</u> |
| Total comprehensive income/loss | <u>(4,965)</u> | <u>(907)</u> |

HOPE worldwide (Australia) Limited
 ABN 70 062 075 218

Statement of Consolidated Financial Position
 As at 31 March 2017

| | Note | 2017 \$ | 2016 \$ |
|----------------------------------|------|---------------|---------------|
| Current assets | | | |
| Cash and cash equivalents | 4 | 73,197 | 61,483 |
| Receivables | 5 | 386 | 813 |
| Other Assets | 6 | 333 | 1,408 |
| Total current assets | | <u>73,915</u> | <u>63,704</u> |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 38 | 165 |
| Total non-current assets | | <u>38</u> | <u>165</u> |
| Total assets | | <u>73,954</u> | <u>63,869</u> |
| Current Liabilities | | | |
| Payables | 8 | 10,602 | 3,126 |
| Provisions | 9 | 18,603 | 12,665 |
| Other Liabilities | 10 | 4,960 | 3,325 |
| Total current liabilities | | <u>34,165</u> | <u>19,116</u> |
| Total liabilities | | <u>34,165</u> | <u>19,116</u> |
| Net assets | | <u>39,788</u> | <u>44,753</u> |
| Equity | | | |
| Retained surplus | 11 | 39,788 | 44,753 |
| Total equity | | <u>39,788</u> | <u>44,753</u> |

HOPE worldwide (Australia) Limited
ABN 70 062 075 218

Statement of Consolidated Changes in Equity
For the year ended 31 March 2017

| | 2017 \$ | 2016 \$ |
|---|----------------|---------------|
| Retained surplus | | |
| Balance at beginning of the year | 44,753 | 19,440 |
| Prior period adjustment - Change in revenue recognition | - | 26,220 |
| Adjusted Retained Earnings beginning of year | <u>44,753</u> | <u>45,660</u> |
| Movement in equity from: | | |
| Surplus / (deficit) for the year | <u>(4,965)</u> | <u>(907)</u> |
| Balance at the end of the year | <u>39,788</u> | <u>44,753</u> |

Statement of Consolidated Cash Flows
For the year ended 31 March 2017

| | Note | 2017 \$ | 2016 \$ |
|--|-------|---------------|---------------|
| Cash flows from operating activities | | | |
| Receipts from contributions and donors | | 181,950 | 355,111 |
| Payments to suppliers and employees | | (170,993) | (354,641) |
| Interest received | | 757 | 917 |
| Net cash provided by / (used in) operating activities | | <u>11,714</u> | <u>1,387</u> |
| Reconciliation of cash | | | |
| Cash at beginning of year | | 61,483 | 60,096 |
| Net increase / (decrease) in cash held | | <u>11,714</u> | <u>1,387</u> |
| Cash at end of year | 12(a) | <u>73,197</u> | <u>61,483</u> |

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-For-Profits Commission Act 2012* and the *Australian Charities and Not-For-Profits Commission Regulations 2013*.

The consolidated financial report was approved by the directors as at the date of the director's report.

The consolidated financial report is for the entity HOPE worldwide (Australia) Limited consolidated as a group to include any other entities that HOPE worldwide (Australia) Limited controls. HOPE worldwide (Australia) Limited is a company limited by guarantee, incorporated and domiciled in Australia. HOPE worldwide (Australia) Limited is a not-for-profit entity for the purpose of preparing the financial statements.

At the date of this report, the company controls one entity, HOPE worldwide (Australia) Aid Pty Ltd. The directors of the company have resolved to guarantee the solvency of this subsidiary.

This report includes 12 months from 1 April 2016 to 31 March 2017. The comparative figures within these accounts also cover a 12 month period from 1 April 2015 to 31 March 2016.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the consolidated financial report.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

(b) Revenue

Revenue from the rendering of services is recognised upon delivery of the service to the customers. Revenue from donations and fundraising activities is recognised when the company receives the monies and records them in the books and records.

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

(c) Income tax

No provision for income tax has been raised as the company, and all members of the group, are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(e) Property, plant and equipment

Each class of plant and equipment is carried at cost or where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be recovered from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|-----------------------------|---------------------------|---------------------------|
| Office equipment at cost | 4 years | Straight-line |

(f) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within 12 months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

(ii) Long-term employee benefit obligations (cont)

Employee benefit obligations are presented as current liabilities if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross-basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures. 2016 Retained earnings beginning increased by \$26,220 as a result of reinforcing the current revenue recognition policy of recognizing income as soon as monies are received at the bank.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of the future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the accounting policies

In the process of applying the company's accounting policies, the company makes various judgements, apart from those involving estimations. Judgements made by management in the application of Australian Accounting standards are disclosed in the relevant notes to the financial statements.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions used in the current year are unlikely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

HOPE worldwide (Australia) Limited
 ABN 70 062 075 218

Notes to the Consolidated Financial Statements
 For the year ended 31 March 2017

| | 2017 \$ | 2016 \$ |
|--|---------------|---------------|
| NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION | | |
| Compensation received by key management personnel of the company | | |
| Salary and wages | 84,521 | 87,112 |
| Superannuation | 8,223 | 9,360 |
| | <u>92,743</u> | <u>96,472</u> |
| NOTE 4: CASH AND CASH EQUIVALENTS | | |
| Cash at bank | <u>73,197</u> | <u>61,483</u> |
| NOTE 5: RECEIVABLES | | |
| CURRENT | | |
| Sundry Debtors | <u>386</u> | <u>813</u> |
| NOTE 6: OTHER ASSETS | | |
| CURRENT | | |
| Prepayments | | 1,408 |
| Other assets | 333 | |
| | <u>333</u> | <u>1,408</u> |
| NOTE 7: PROPERTY, PLANT AND EQUIPMENT | | |
| Plant & equipment | | |
| Plant & equipment at cost | 509 | 509 |
| Accumulated depreciation | (471) | (344) |
| Total property, plant and equipment | <u>38</u> | <u>165</u> |
| PPE WDV, beginning | 165 | |
| Depreciation expense for the year | (127) | |
| PPE WDV, ending | <u>38</u> | |
| NOTE 8: PAYABLES | | |
| CURRENT | | |
| Creditors | 1,822 | - |
| Employment related payables | 8,781 | 3,126 |
| | <u>10,602</u> | <u>3,126</u> |
| NOTE 9: PROVISIONS | | |
| CURRENT | | |
| Employee benefits | <u>18,603</u> | <u>12,665</u> |
| NOTE 10: OTHER LIABILITIES | | |
| CURRENT | | |
| Provision for audit fees | 4,500 | 3,325 |
| Unearned Income | 460 | - |
| | <u>4,960</u> | <u>3,325</u> |

HOPE worldwide (Australia) Limited
 ABN 70 062 075 218

Notes to the Consolidated Financial Statements
 For the year ended 31 March 2017

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$ | \$ |
| NOTE 11: CASH FLOW INFORMATION | | |
| (a) Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of consolidated cash flows is reconciled to the related items in the statement of consolidated financial position as follows: | | |
| Cash at bank | <u>73,197</u> | <u>61,483</u> |
| NOTE 12: PARENT ENTITY INFORMATION | | |
| Summarised presentation of the parent entity, HOPE worldwide (Australia) Limited. | | |
| (a) Summarised statement of financial position | | |
| Current assets | 64,911 | 57,375 |
| Total assets | 65,549 | 58,140 |
| Current liabilities | 3,532 | 7,225 |
| Total liabilities | <u>3,532</u> | <u>7,225</u> |
| Equity | <u>62,017</u> | <u>50,915</u> |
| (b) Summarised statement of comprehensive income | | |
| Surplus/(deficit) | 11,102 | 7,052 |
| Adjustment | - | (1,459) |
| | <u>11,102</u> | <u>5,593</u> |

There were no contingent liabilities or commitments for purchase of property, plant and equipment at balance date.

Responsible entity's declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 - 13, satisfy the requirement of the *Australian Charities and Not-For-Profits Commission Act 2012*, and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements.
 - (b) give a true and fare view of the financial position as at 31 March 2017 and performance for the year ended on that date of the group.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Graham J. Gumbley

Director: _____

Dates this *4th* day of *August* 2017

Hope Worldwide (Australia) Limited

ABN: 70 062 075 218

Independent Audit Report to the members of Hope Worldwide (Australia) Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hope Worldwide (Australia) Limited, (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the financial report of Hope Worldwide (Australia) Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the Group's financial position as at 31 March 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Hope Worldwide (Australia) Limited

ABN: 70 062 075 218

Independent Audit Report to the members of Hope Worldwide (Australia) Limited

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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.



Saward Dawson



Jeffrey Tulk

Partner
Blackburn VIC

Dated: 4 August 2017