



## Compassion Australia ACN 001 692 566

### Annual Financial Statements – 30 June 2022

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

## Compassion Australia Directors' report

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

Your directors present their report on the company for the year ended 30 June 2022.

### Directors

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

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

### Directors' meetings

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

<i><b>Director</b></i>	<i><b>No. of meetings held *</b></i>	<i><b>No. of meetings attended</b></i>
Mr I Moody	8	8
Mr M McCrindle	8	8
Ms M Chua	8	8
Mr M Jeffs	8	7
Mr J Bond	8	8
Mr K Medwin	8	7

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

### Objectives

Compassion's objectives stem from our global multiyear vision. This vision is grounded in our mission to release children from poverty in Jesus' name. It focuses on the Christian holistic development of children living in poverty, in partnership with supporters and churches, with the intent to release the most children possible from poverty with ever-increasing effectiveness and efficiency.

### Compassion's strategy for achieving our objectives

After responding to the initial impact of COVID during the 2020-21 financial year, Compassion Australia developed a new multi-year plan to drive deeper impact as we look to God for new opportunities in delivering on our mission which involves:

- Increasing our internal capability through the optimisation of our technology platforms and developing our people;
- Loving our neighbours more by knowing them more intimately through research and insights to further develop their experience with Compassion as they partner with us in show God's love to poor and vulnerable;
- Expanding our reach to Christians beyond churches throughout Australia and Asia Region; and
- Deepening our message and brand awareness so that we can invite others to join our mission of releasing children from poverty in Jesus' name.

Compassion Australia's annual report for financial year 2021-2022, can be found at:  
[www.compassion.com.au/annualreport](http://www.compassion.com.au/annualreport)

## **Compassion Australia Directors' report (Continued)**

### **Principal activities**

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

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

### **Review and result of operations**

Key results for the year include:

- The total income for the year amounted to \$98,333,759 (2021: \$97,043,578). This is an increase of 1.33% (2021: 3.52%) in total income for the year. The primary drivers of this increase was a strong response from major givers who donated sizable sums for various projects in the field and for disaster relief during the year.
- There was a decrease in global program and support costs of \$591,745 from last year (2022: \$77,225,351 compared to 2021: \$77,817,096).
- The operating surplus for the year amounted to \$1,788,631 (2021 surplus: \$1,608,367).
- Within the year, 18.44% (2021: 16.46%) of the total expenses were spent on administration and fundraising expenses.
- The number of beneficiaries grew to 128,644 (2021: 127,420) which represents an increase of 1% (2021: 1.59%).
- The cancellation rate for the Child Sponsorship Program increased during financial year 2021-2022, ending the year at 6.8% (2021: 6.01%). The cancellation rate has declined in recent years, however the ongoing effects of COVID and impacts of inflationary pressures have resulted in an increase in the cancellation rate this financial year.

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

### **Environmental regulations**

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

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

### **Significant changes in the state of affairs**

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

### **Likely developments**

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

### **Matters subsequent to the end of the financial year**

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

## Compassion Australia Directors' report (continued)

### Information on Directors

#### **Mr I Moody**

Compassion Australia Director since October 2008

##### ***Experience and expertise***

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

##### ***Other current directorships***

Managing Director of the Prethink Group.

Director of the Toowoomba Chamber of Commerce.

Board member Highlands Church, early learning and Christian College.

##### ***Former directorships in the last three years***

Director of Darling Downs Tourism

##### ***Special responsibilities***

Chair of the Board of Directors

Chair of the CEO and Governance Committee

Chair of the Executive Committee

#### **Mr M McCrindle**

Compassion Australia Director since October 2015

##### ***Experience and expertise***

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

##### ***Other current Directorships***

Director, McCrindle Research

Trustee, Responsible Gambling fund, NSW Government.

Chairman, Pacific Hills Christian Education, Director, Association of Independent Schools NSW

Director, Safeheart Foundation

Director, The Australian Leadership Foundation

##### ***Former directorships in the last three years***

None

##### ***Special responsibilities***

Vice-Chair of Compassion Board; Member of the Risk Committee

#### **Ms M Chua**

Compassion Australia Director since October 2012

##### ***Experience and expertise***

Extensive experience in representing and advising businesses and individuals in the areas on corporate, commercial, property, estates and litigation matters.

##### ***Other current Directorships***

None

##### ***Former directorships in the last three years***

None

##### ***Special responsibilities***

Secretary of the Board

Chair of the Risk Committee

Member of the CEO and Governance Committee

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

### **Mr M Jeffs**

Compassion Australia Director since July 1995

#### ***Experience and expertise***

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

#### ***Other current directorships***

Founder and Director Network Communications Pty Limited and the Australian Christian Channel Pty Limited.

Director Southern Cross Institute Pty Limited

#### ***Former directorships in the last three years***

None

#### ***Special responsibilities***

Member of the Finance Committee

Member of the Board of Directors Compassion International

### **Dr J Bond**

Compassion Australia Director since June 2002

#### ***Experience and expertise***

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

#### ***Other current directorships***

Founding Director of Sonlife Ministries Inc

#### ***Former directorships in the last three years***

None

#### ***Special responsibilities***

None

### **Mr K Medwin**

Compassion Australia Director since July 2010

#### ***Experience and expertise***

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

#### ***Other current Directorships***

None

#### ***Former directorships in the last three years***

Director of St Michaels Collegiate

#### ***Special responsibilities***

Chair of the Finance Committee

Member of the Executive Committee

### **Members' Guarantee**

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

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

The number of members on 30 June 2022 was six (and in 2021, six)

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

**Indemnification and insurance of officers**

*Indemnification*

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


*Insurance Premiums*

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


*Auditors' independence declaration*

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

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



Isaac Moody  
Director  
20 October 2022



Mabel Chua  
Director  
20 October 2022

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

**TO THE DIRECTORS OF COMPASSION AUSTRALIA**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there has been:

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



Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants



Stewart Douglas  
Director  
Brisbane  
20 October 2022

# Compassion Australia ACN 001 692 566

## Financial report – 30 June 2022

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

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

Compassion Australia  
30 Warabrook Boulevard, Warabrook NSW 2304

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

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



**Compassion Australia**  
**Statement of profit and loss and other comprehensive income**  
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
<b>Revenue from continuing operations</b>	2	98,332,775	94,840,069
Other income	2	984	2,203,509
Total	2	98,333,759	97,043,578
Program expenses		(67,313,089)	(69,342,665)
Program support expenses		(9,912,262)	(8,474,431)
Local program expenses		(1,412,713)	(1,632,603)
Administration expenses		(7,983,905)	(6,320,556)
Fundraising expenses		(9,820,405)	(9,392,507)
Advocacy expenses		(102,754)	(272,448)
Total		(96,545,128)	(95,435,210)
<b>Operating surplus/(deficit)</b>	3,4	1,788,631	1,608,368
Other comprehensive income		6,268,478	-
Total comprehensive income for the year		8,057,109	1,608,368
Total comprehensive income for the year is attributable to: Compassion Australia		8,057,109	1,608,368

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

**Compassion Australia**  
**Statement of financial position**  
As at 30 June 2022

	Notes	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	23,466,948	22,422,028
Investments less than 1 year	5	358,200	357,580
Other Receivables	6	399,516	315,643
Prepaid Expenses	7	538,143	505,864
Assets held for sale	8	633,040	-
Total current assets		25,395,847	23,601,115
<b>Non-current assets</b>			
Property, Plant and Equipment	9	15,875,010	9,962,263
Right of use Assets	10	342,398	387,057
Investment Properties	11	-	633,040
Intangible Assets	12	1,560,046	668,314
Total non-current assets		17,777,454	11,650,674
<b>Total assets</b>		43,173,301	35,251,789
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	14,436,571	14,500,553
Income in Advance	14	71,869	-
Borrowings	15	212,935	254,582
Provisions	16	375,988	398,160
Total current liabilities		15,097,363	15,153,295
<b>Non-current liabilities</b>			
Borrowings	15	142,417	144,366
Provisions	16	228,755	306,471
Total non-current liabilities		371,172	450,837
<b>Total liabilities</b>		15,468,535	15,604,132
<b>Net assets</b>		27,704,766	19,647,657
<b>Equity</b>			
Retained earnings		21,436,288	19,647,657
Revaluation Surplus		6,268,478	-
<b>Total equity</b>		27,704,766	19,647,657

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

**Compassion Australia**  
**Statement of changes in equity**  
For the year ended 30 June 2022

	Retained earnings \$	Revaluation Surplus \$	Total equity \$
<b>Balance at 30 June 2020</b>	18,039,289	-	18,039,289
Total comprehensive income for the year ended 30 June 2021	1,608,368	-	1,608,368
<b>Balance at 30 June 2021</b>	19,647,657		19,647,657
Total comprehensive income for the year ended 30 June 2022	1,788,631	6,268,478	8,057,109
<b>Balance at 30 June 2022</b>	21,436,288	6,268,478	27,704,766

**Compassion Australia**  
**Statement of cash flows**  
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts (inclusive of goods and services tax)		98,205,694	96,898,232
Payments in the course of operations (inclusive of goods and services tax)		(95,196,432)	(92,421,113)
<b>Net cash inflow/ (outflow) from operating activities</b>	17(a)	<u>3,009,262</u>	<u>4,477,119</u>
<b>Cash flows from investing activities</b>			
Interest received		116,061	123,557
Proceeds from sale of investment property		-	-
Proceeds from sale of property, plant and equipment		-	4,895
Payments for property, plant and equipment		(748,841)	(381,617)
Payments for Intangibles		(1,278,242)	(300,758)
<b>Net cash inflow (outflow) from investing activities</b>		<u>(1,911,022)</u>	<u>(553,923)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	-
Repayment of leases		(43,596)	(341,962)
Interest paid		(9,104)	(15,526)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(52,700)</u>	<u>(357,488)</u>
<b>Net increase (decrease) in cash held</b>		1,045,540	3,565,708
Cash at the beginning of the financial year		22,779,608	19,213,900
<b>Cash at the end of the financial year</b>	17(b)	<u>23,825,148</u>	<u>22,779,608</u>

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

**Compassion Australia**  
**Notes to the financial statements**  
30 June 2022

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## Note 1 Summary of significant accounting policies

### (a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with the Australian Accounting Standards: Simplified Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991*, the *Charitable Collections Act 1946 (WA)* and the CMA Standards Council's principles and standards.

#### ***Compliance with Australian Accounting Standards: Simplified Disclosure Requirements***

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012 under AASB 1053: *“Application of Tiers of Australian Accounting Standards.”* The company is a non-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements of Compassion Australia comply with the Australian Accounting Standards: Simplified Disclosure Requirements as issued by Australian Accounting Standards Board (AASB) as they pertain to not-for-profit entities. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### ***Critical accounting estimates***

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

#### ***Performance obligations***

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

#### ***Estimation of useful lives of assets***

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

#### ***Impairment of assets***

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

#### ***Employee benefits***

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

## **Note 1      Summary of significant accounting policies (continued)**

### **(a) Basis for Preparation (continued)**

#### **Lease Term and Option to Extend**

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic, and which are key to future strategy of the entity.

### **(b) Taxation**

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

### **(c) Foreign currency translation**

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

### **(d) Acquisitions of assets**

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

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

### **(e) Revenue recognition**

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

#### ***Sponsorships and donations***

When operating grant revenue, donations or bequests are received, it is assessed whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, Compassion:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, Compassion:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116, AASB 138 and AASB 1058);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above Compassion recognises income in profit or loss when or as it satisfies its obligations under the contract.

## **Note 1      Summary of significant accounting policies (continued)**

### **(e)    Revenue Recognition (continued)**

To allow for supporter's best intentions, Compassion processes cheques received by mail up to 7 business days after the 30<sup>th</sup> June into the previous year to allow for legitimate posted items post marked pre 30 June.

#### ***Endowment operations and undesignated funds***

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

#### ***Sale of non-current assets***

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

#### ***Interest revenue***

Interest revenue is recognised as it accrues.

### **(f)    Property, plant and equipment**

#### **Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition.

#### **Freehold property**

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

#### **Revaluations**

Following initial recognition at cost, freehold land and buildings are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Freehold land and buildings were independently valued by Preston Rowe Paterson Property Valuers on 11 March 2022. The purpose of the valuation was to determine the fair value of the property under AASB 13.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the



## Note 1 Summary of significant accounting policies (continued)

cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

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

### (g) Depreciation

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

	2022
Buildings	10-50 years
Motor Vehicles	3-5 years
Office Furniture and equipment	3-10 years
Computer equipment	2-6 years
Fundraising equipment	2-5 years

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

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

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

### (g) Investment property

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

### (h) Impairment of assets

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

### (i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

## **Note 1      Summary of significant accounting policies (continued)**

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any interest in associate is no longer equity accounted.

### **(j) Employee benefits**

#### ***Wages, salaries and annual leave***

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

#### ***Long service leave***

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with 'wages, salaries and annual leave' above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments

to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

### **(k) Cash and cash equivalents**

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

### **(l) Goods and services tax**

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

### **(m) Trade and other receivables**

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

The Company recognises a loss allowance for expected credit losses on trade receivables. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a trade receivable. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the receivable. In measuring the expected credit loss, a provision matrix for trade receivables has been used, taking into consideration various data to get to an expected credit loss.

### **(n) Trade and other payables**

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

## Note 1      Summary of significant accounting policies (continued)

### (o) Intangibles

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

### (p) Leases

#### As a Lessee

Compassion leases a number of assets including land and buildings (for regional office spaces), vehicles, office equipment and computer equipment.

#### **a) Definition of a lease**

At inception of a contract Compassion 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 for a period of time, Compassion assesses whether both of the following apply:

- i. Compassion has the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. Compassion has the right to direct the use of the identified asset.

Where a supplier has the substantive right to substitute the asset throughout the period of use, or the right to direct the use of the asset, the contract does not contain a lease and Compassion will recognise the contract as an operating expense on a straight-line basis over the term of the lease.

#### **b) Measurement**

Compassion recognises a right of use asset and a lease liability at the lease commencement date. If there is a lease present, a right of use asset and a corresponding lease liability is recognised by Compassion. Contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets (under \$10,000 in value) are recognised as an operating expense on a straight-line basis over the term of the lease.

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 interest rate implicit in the lease, or if that rate cannot be readily determined, Compassion's incremental borrowing rate. The appropriate RBA lending rate been applied as the discount rate in lieu of an incremental borrowing rate.

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

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

The right of use asset comprises the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term.

## Note 1 Summary of significant accounting policies (continued)

Compassion leases have typical lease terms of:

Land & Buildings	3-5 years
Motor Vehicles	3 years
Office Furniture and equipment	2-3 years
Computer equipment	2-3 years

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### As a Lessor

Compassion leases land and buildings, and office space to external parties.

Upon entering into each contract as a lessor, Compassion assesses if the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease. Rental income due under finance leases are recognised as receivables at the amount of Compassion's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

### **(p) Impacts from the COVID-19 pandemic**

Compassion's operations have continued to be impacted by the COVID-19 pandemic during the 2022 financial year.

Domestic travel restrictions and government lockdown measures continued to restrict Compassion's ability to promote the work of Compassion at church presentations and events across Australia. Major events, which typically result in large numbers of new acquisitions, were unable to be held, and churches across Australia faced restrictions on meeting in person.

The continuation of international travel restrictions and risk of travelling during the pandemic also led to all Compassion field experiences and international travel being cancelled. This meant that supporters were again unable to witness Compassion's programs in action, gaining greater insight into the impact of their continued support of Compassion.

### **(q) New and revised accounting standards**

#### AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Entities

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Entities became effective from 1 July 2021. This standard has had no material impact on the reported position, performance and cashflows requiring restatement or amendment in accordance with AASB 108. There have been no material disclosure changes as a result of applying this standard.

## Note 1 Summary of significant accounting policies (continued)

### AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Policies and Definition of Accounting Estimates

AASB 2021-2 amends AASB standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. The standard will become effective from 1 July 2022. This standard will have no significant impact on the financial statements overall.

#### (r) Events after balance date

Subsequent to the end of the financial year, the assets presented in Note 8 as assets held for sale (comprising land and buildings) have been sold. The net proceeds from this sale totalled \$1,397,701.

## Note 2 Revenue and other income

	2022	2021
	\$	\$
<b>Revenue from continuing operations</b>		
Sponsorships and donations	98,009,023	94,550,578
Interest received	116,061	123,557
Rent Received	207,691	165,934
	<u>98,332,775</u>	<u>94,840,069</u>
<b>Other income</b>		
Other income	984	37,740
Profit on disposal of non-current assets	-	4,895
Government Grants	-	2,160,874
	<u>984</u>	<u>2,203,509</u>
<b>Total Revenue and other income</b>	<u>98,333,759</u>	<u>97,043,578</u>

## Note 3 Expenses

	2022	2021
	\$	\$
<b>Operating surplus/(deficit) includes the following specific expenses:</b>		
Employee benefits expense	13,075,989	11,992,858
Interest expense on lease liabilities	9,104	15,526
Depreciation and amortisation expense	1,535,740	1,314,038
<b>Cash and cash equivalents</b>	<u>23,466,948</u>	<u>22,422,028</u>
<b>Investments</b>	<u>358,200</u>	<u>357,580</u>
Investments relate to term deposits where maturity is more than 3 months but less than 12 months.		

## Note 4 Auditor's Remuneration

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

	2022	2021
	\$	\$
<b>Audit services:</b>		
Audit and review of financial reports	36,600	28,800
Taxation and other services	-	-
	<u>36,600</u>	<u>28,800</u>

## Note 5 Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	-	13,614
Cash at bank and cash equivalents	23,466,948	22,408,414
<b>Cash and cash equivalents</b>	<b>23,466,948</b>	<b>22,422,028</b>
<b>Investments</b>	<b>358,200</b>	<b>357,580</b>

Investments relate to term deposits where maturity is more than 3 months but less than 12 months.

## Note 6 Other receivables

	2022	2021
	\$	\$
Other receivables	399,516	315,643

Other receivables are unsecured with no collateral obtained. There are no impaired receivables for the Company at 30 June 2022 (2021: Nil).

## Note 7 Prepaid expenses

	2022	2021
	\$	\$
Prepaid expenses	538,143	505,864

## Note 8 Assets held for sale

(a) Carrying amounts at balance date	2022	2021
	\$	\$
Opening balance at 1 July	-	-
Transfer from Investment Property	633,040	-
Closing balance at 30 June	633,040	-

## Note 9 Property, plant and equipment

(a) Carrying amounts at balance date	2022	2021
	\$	\$
Land at fair value	1,120,000	409,490
<b>Buildings</b>		
At fair value	13,998,689	10,827,956
Less: Accumulated depreciation	(57,747)	(2,640,987)
<b>Buildings</b>	<b>13,940,942</b>	<b>8,186,969</b>
<b>Total land and buildings</b>	<b>15,060,942</b>	<b>8,596,459</b>

## Note 9 Property, plant and equipment (continued)

### Motor vehicles

At cost	73,880	28,763
Less: Accumulated depreciation	(31,284)	(28,763)
Motor Vehicles	42,596	-

### Office furniture and equipment

At cost	1,443,313	1,598,792
Less: Accumulated depreciation	(778,254)	(720,497)
Office Furniture and Equipment	665,059	878,295

### Computer equipment

At cost	601,807	1,440,972
Less: Accumulated depreciation	(495,395)	(955,664)
Computer Equipment	106,412	485,308

### Fundraising equipment

At cost	-	98,393
Less: Accumulated depreciation	-	(96,192)
Fundraising Equipment	-	2,201

### Total property plant and equipment at net book value

<b>15,875,010</b>	<b>9,962,263</b>
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### (b) Reconciliation of carrying amounts at the beginning and end of the period

	Land	Buildings	Fundraising Equipment	Office Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2022</b>							
Carrying amount opening balance	409,490	8,186,968	2,201	878,295	485,308	-	9,962,262
Add: additions	-	425,048	-	-	5,545	45,118	475,711
Add: revaluation	710,510	5,557,968	-	-	-	-	6,268,478
Less: carrying amount of disposals/other adjustments	-	-	(398)	(20,068)	(221,936)	-	(242,402)
Less: depreciation expense	-	(229,042)	(1,803)	(193,168)	(162,504)	(2,522)	(589,039)
Carrying amount closing balance	1,120,000	13,940,942	-	665,059	106,413	42,596	15,875,010

## Note 10 Right of Use Assets

<b>(a) Carrying amount at balance date</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Buildings – right of use</b>		
At cost	648,370	524,995
Less: Accumulated depreciation	(438,810)	(291,840)
Buildings – right of use	209,560	233,155
<b>Motor vehicles – right of use</b>		
At cost	518,851	456,482
Less: Accumulated depreciation	(471,005)	(327,890)
Motor Vehicles – right of use	47,846	128,592
<b>Office furniture and equipment – right of use</b>		
At cost	15,285	15,285
Less: Accumulated depreciation	(15,285)	(11,467)
Office Furniture and Equipment – right of use	-	3,818
<b>Computer equipment – right of use</b>		
At cost	87,386	78,753
Less: Accumulated depreciation	(2,394)	(57,261)
Computer Equipment – right of use	84,992	21,492
<b>Total Right of Use Assets at net book value</b>	<b>342,398</b>	<b>387,057</b>

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

	<b>Buildings – right of use</b>	<b>Motor Vehicles – right of use</b>	<b>Office Furniture – right of use</b>	<b>Computer Equipment – right of use</b>	<b>Total Right of Use Assets</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>					
Carrying amount opening balance	233,155	128,592	3,818	21,492	387,057
Add: additions	123,375	62,369	-	87,387	273,131
Less: carrying amount of disposals/other adjustments	-	-	-	-	-
Less: depreciation expense	(146,970)	(143,115)	(3,818)	(23,887)	(317,790)
Carrying amount closing balance	209,560	47,846	-	84,992	342,398



## Note 11 Investment properties

	2022 \$	2021 \$
<b>At Cost</b>		
Opening balance at 1 July	633,040	633,040
Less: carrying amount of disposals	-	-
Depreciation	-	-
Transfers to assets held for sale	(633,040)	-
Closing balance at 30 June	-	633,040

### (a) Valuation basis

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

### (b) Leasing arrangements

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

### (c) Depreciation

The building component of investment properties are depreciated on a straight-line basis over the useful life. As at 30 June 2019 the investment property had been fully depreciated, and the closing balance is the land component.

## Note 12 Intangible assets

	2022 \$	2021 \$
Software at cost	4,289,206	3,404,090
Accumulated amortisation	(2,729,160)	(2,735,776)
Carrying amount closing balance	1,560,046	668,314

Software at cost includes software development costs of \$1,297,992 (2021: \$267,098) for the implementation of a new CRM platform which is intended to be placed in service from 1 July 2023.

## Note 13 Trade and other payables

	2022 \$	2021 \$
<b>Current</b>		
Trade creditors	779,963	618,503
Annual leave	1,010,514	825,153
Rostered day off	120,814	94,909
Accruals and other payables	1,107,301	591,875
Holding fund	20,000	26,782
Program disbursement	11,397,979	12,343,331
<b>Total current trade and other payables</b>	<b>14,436,571</b>	<b>14,500,553</b>

## Note 14 Income in advance

	2022 \$	2021 \$
<b>Current</b>		
Income in advance	71,869	-
<b>Total</b>	<u>71,869</u>	<u>-</u>

## Note 15 Borrowings

	2022 \$	2021 \$
<b>Current</b>		
Lease liability	212,935	254,582
<b>Total</b>	<u>212,935</u>	<u>254,582</u>
<b>Non- Current</b>		
Lease liability	142,417	144,366
<b>Total</b>	<u>142,417</u>	<u>144,366</u>
<b>Total Lease Liability</b>	<u>355,352</u>	<u>398,948</u>

### Analysis of total Lease Liability:

	2022 \$	2021 \$
Opening balance as at 1 July	398,948	701,187
Additional Lease liability raised during the year	273,130	34,163
Amounts used	(316,726)	(336,402)
<b>Balance as at 30 June</b>	<u>355,352</u>	<u>398,948</u>

### Significant leasing arrangements

Lease liabilities are secured by the assets leased and represent the discounted future rentals payable for office properties and plant and equipment. The borrowing rate used to discount the lease liabilities ranges between 1.56% - 2.80%

Compassion has recognised a lease liability and right of use asset for all leases (with the exception of short term and low value leases).

## Note 16 Provisions

	2022 \$	2021 \$
<b>Current</b>		
Long service leave	375,988	327,852
Redundancy	-	70,308
<b>Total</b>	<u>375,988</u>	<u>398,160</u>
<b>Non- Current</b>		
Long service leave	228,755	306,471
<b>Total</b>	<u>228,755</u>	<u>306,471</u>

Analysis of total provisions:

	Long Service Leave	Redundancy	Total
	\$	\$	\$
<b>2022</b>			
Opening balance as at 1 July	634,323	70,308	704,631
Additional provisions raised during the year	148,399	-	148,399
Amounts used	(177,979)	(70,308)	(248,287)
<b>Balance as at 30 June</b>	<u>604,743</u>	<u>-</u>	<u>604,743</u>
<b>2021</b>			
Opening balance as at 1 July	758,842	128,266	887,108
Additional provisions raised during the year	147,283	70,308	217,591
Amounts used	(271,802)	(128,266)	(400,068)
<b>Balance as at 30 June</b>	<u>634,323</u>	<u>70,308</u>	<u>704,631</u>

### Provisions

Provisions represent employee provisions for long service leave and redundancy.

The current portion for this provision includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service and redundancy payment due but not yet paid.

Based on past experience, the company does not expect the full amount of long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

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

## Note 17 Statement of cash flows information

### (a) Reconciliation of operating surplus/deficit from ordinary activities to net cash inflow from operating activities

	2022	2021
	\$	\$
Operating surplus/deficit	1,788,631	1,608,368
Add/ (less) items classified as investing/financing activities:		
Interest received	(116,061)	(123,557)
Interest paid	9,104	15,526
Proceeds on sale of assets	-	(4,895)
Add/ (less) non-cash items:		
Loss on disposal of assets	-	-
Depreciation and amortisation	1,535,740	1,314,038
Net cash provided by continuing activities before change in assets and liabilities	3,217,414	2,809,480
Change in assets and liabilities during the financial year:		
(Increase)/ decrease in receivables	(116,152)	53,466
(Decrease)/increase in accounts payable and other provisions	(92,000)	1,614,173
Net cash provided by/ (used in) operating activities	3,009,262	4,477,119

### (b) Reconciliation of cash and cash equivalents

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

	2022	2021
	\$	\$
Cash and cash equivalents (Note 5)	23,466,948	22,422,028
Investments (Note 5)	358,200	357,580
<b>Cash and cash equivalent assets</b>	<b>23,825,148</b>	<b>22,779,608</b>

## Note 18 Additional disclosures required by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulations 1993

### Fundraising appeals

Fundraising appeals conducted during the year consisted of:

Promotion of sponsorship and one off giving for children in poverty:

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

## Note 18 Additional disclosures required by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulations 1993 (continued)

### Details of aggregate gross income and total expenses of fundraising appeals

	2022 \$	2021 \$
<b>Income from fundraising</b>		
Donations and gifts- monetary & non-monetary	97,752,659	94,122,845
Legacies & bequests	256,364	427,733
	<u>98,009,023</u>	<u>94,550,578</u>
<b>Less: Total cost of fundraising appeals</b>		
Fundraising costs	(9,820,405)	(9,392,507)
Net surplus obtained from fundraising appeals	<u>88,188,618</u>	<u>85,158,071</u>
<b>Other income</b>		
Interest, life insurance and other income	<u>324,736</u>	<u>2,493,000</u>
<b>Gross income</b>	<u>98,333,759</u>	<u>97,043,578</u>

### Statement showing how funds received were applied to charitable purposes

This was applied to charitable purposes in the following manner:

Programme expenditure	78,638,064	79,449,699
Administration	7,983,905	6,320,556
Advocacy	102,754	272,448
	<u>86,724,723</u>	<u>86,042,703</u>
<b>Total expenditure</b>	<u>96,545,128</u>	<u>95,435,210</u>
<b>Surplus/(Loss)</b>	<u>1,788,631</u>	<u>1,608,368</u>

### Comparison of monetary figures and percentages:

	Total cost of fundraising \$	Gross income from fundraising \$	%
<b>2022</b>	\$9,820,405	\$98,009,023	10%
<b>2021</b>	\$9,392,507	\$94,550,578	10%

	Net surplus from fundraising \$	Gross income from fundraising \$	%
<b>2022</b>	\$88,188,618	\$98,009,023	90%
<b>2021</b>	\$85,158,071	\$94,550,578	90%

	Total cost of services \$	Total expenditure \$	%
<b>2022</b>	\$78,638,064	\$96,545,128	81%
<b>2021</b>	\$79,449,699	\$95,435,210	83%

	Total cost of services \$	Total income received \$	%
<b>2022</b>	\$78,638,064	\$98,333,759	80%
<b>2021</b>	\$79,449,699	\$95,435,210	83%

## Note 19 Funds movements schedule

For the year ended June 30, 2022	Opening Balance \$	Income \$	Transfers \$	Expenses \$	Surplus / (Deficit) \$	Revaluation Surplus \$	Closing Balance \$
Child Development	4,137,818	71,474,447	(16,164,252)	55,306,057	4,139	-	4,141,959
Child Survival Program	662,643	1,719,909	(362,376)	1,356,662	871	-	663,515
Christmas Fund	41,556	2,672,580	(267,406)	2,240,695	164,479	-	206,035
Gifts	73,971	5,018,611		4,776,403	242,208	-	316,177
Living Sponsorship	1,231,518	(44,851)	-	-	(44,851)	-	1,186,668
CIV Fund	843,537	15,686,670	(3,213,981)	12,468,089	4,600	-	848,137
Relief	43,690	837,079	(177,831)	663,149	(3,901)	-	39,789
Un-sponsored Children	42,924	296,753	(63,043)	233,000	710	-	43,636
Future Fund	4,608,153	-	980,076	-	980,076	-	5,588,227
Operating Fund	4,404,165	319,182	19,335,168	19,176,562	477,478	6,268,478	11,150,430
Endowment Operations	3,399,553	4,111	-	-	4,111	-	3,403,661
LDP	-	-	-	-	-	-	-
Singapore Fund	-	-	-	104,661	(104,661)	-	(104,661)
Unallocated Donations	-	36,925	-	-	36,925	-	36,925
Bibles	52,237	216,290	(45,949)	169,848	493	-	52,731
Indigenous (PBI)	105,892	96,053	(20,406)	50,000	25,647	-	131,538
<b>Total</b>	<b>19,647,657</b>	<b>98,333,759</b>	<b>-</b>	<b>96,545,128</b>	<b>1,788,631</b>	<b>6,268,478</b>	<b>27,704,766</b>

For the year ended June 30, 2021	Opening Balance \$	Income \$	Transfers \$	Expenses \$	Surplus / (Deficit) \$	Revaluation Surplus \$	Closing Balance \$
Child Development	4,137,007	70,640,724	(15,212,061)	55,427,852	811	-	4,137,818
Child Survival Program	661,739	1,412,660	(42,108)	1,369,648	904	-	662,643
Christmas Fund	79,245	2,547,502	(185,191)	2,400,000	(37,689)	-	41,556
Gifts	85,378	4,718,483	-	4,729,890	(11,407)	-	73,971
Living Sponsorship	1,293,146	(61,628)	-	-	(61,628)	-	1,231,518
CIV Fund	828,116	11,340,631	(795,167)	10,530,043	15,421	-	843,537
Relief	43,385	3,294,918	(387,880)	2,906,733	305	-	43,690
Un-sponsored Children	41,554	338,213	(68,556)	268,287	1,370	-	42,924
Future Fund	3,637,715	-	970,438	-	970,438	-	4,608,153
Operating Fund	3,755,862	2,485,951	15,780,465	17,618,113	648,303	-	4,404,165
Endowment Operations	3,349,428	55,136	(5,011)	-	50,125	-	3,399,553
LDP	-	-	-	-	-	-	-
Bibles	44,604	178,448	(36,171)	134,644	7,633	-	52,237
Indigenous (PBI)	82,110	92,540	(18,758)	50,000	23,782	-	105,892
<b>Total</b>	<b>18,039,289</b>	<b>97,043,578</b>	<b>-</b>	<b>95,435,210</b>	<b>1,608,368</b>	<b>-</b>	<b>19,647,657</b>

## Note 20 Related party transactions

The following Transactions have been identified as being transacted by Related Parties during the 2021 Financial Year:

Name	Expense \$	Receivables \$	Payables \$	Description/Details
Australian Christian Channel (ACCTV)	39,600	-	3,300	Television advertising
McCrindle Research	33,715	-	-	Research services

The total amount donated for child sponsorship by key management personnel and related parties for 2022: \$97,595 (2021: \$81,539).

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

## Note 21 Key management personnel compensation

### Directors

The directors act in a volunteer capacity and do not receive any remuneration from the company.

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

Key Management Personnel remuneration includes the following expenses:

	2022 \$	2021 \$
Short term employee benefits	1,113,006	1,051,766
Post-employment benefits	-	-
Long-term employee benefits	-	-
Termination benefits	101,327	56,612
Total Remuneration	<u>1,214,333</u>	<u>1,108,378</u>

## Note 22 Commitments and Contingencies

### (a) Capital commitments

Capital expenditure contracted for at the report date but not recognised as liabilities was \$383,380 (2021: \$840,000)

This reflects the contract with Alphasys to implement the new CRM platform.

### (b) Contingent Assets

#### Members Guarantee

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

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

## Note 22 Commitments and Contingencies (continued)

The number of members on 30 June 2022 was six (2021: six).

### (c) Contingent Liabilities

The company had no contingent liabilities on 30 June 2022 (2021: Nil)

## Note 23 Financial risk management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022 \$	2021 \$
<b>Financial assets</b>			
Cash on hand, at bank and cash equivalents and investments	5	23,825,148	22,779,608
Accounts receivable and other debtors	6,7	937,659	821,507
Assets held for resale		633,040	-
<b>Total financial assets</b>		<b>25,395,847</b>	<b>23,601,115</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
- Accounts payable and other payables	13	14,436,571	14,500,553
- Borrowings	15	355,352	398,948
<b>Total financial liabilities</b>		<b>14,791,923</b>	<b>14,899,501</b>

## Note 24 Fair Value Measurements

The Group has the following assets, as set out in the table below, that are measured at fair value after initial recognition. The Group does not subsequently measure any liabilities at fair value.

	2022 \$	2021 \$
<b>Non-financial assets</b>		
Freehold land	1,120,000	409,490
Buildings	13,940,942	8,186,969
<b>Total non-financial assets</b>	<b>15,060,942</b>	<b>8,596,459</b>

For freehold land, the fair values have been determined by an independent valuer based on a market approach using recent observable market data for similar properties. Significant inputs used are price per hectare.

For buildings, the fair values have been determined by an independent valuer based on a market approach using recent observable market data for similar properties. Significant inputs used are price per square metre.

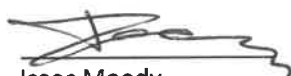


## Compassion Australia Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 31 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (i) complying with Australian Accounting Standards Simplified Disclosure Requirements and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Isaac Moody  
Director



Mabel Chua  
Director

Newcastle  
20 October 2022

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

### Report on the Audit of the Financial Report

#### Auditor's Opinion on the Financial Report

We have audited the financial report of Compassion Australia (the "Company"), which comprises the statement of financial position as at 30 June 2022 and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 2013*.

#### Basis for Opinion

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

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

#### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Non-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

**Report on the Requirements of the *NSW Charitable Fundraising Act 1991* and *NSW Charitable Fundraising Regulation 2008***

*Opinion on the NSW Charitable Funding Obligations*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* (Regulations).

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



In our opinion:

- (a) the financial report of Compassion Australia has been properly drawn up, and associated records have been properly kept, during the financial year ended 30 June 2022, in accordance with:
  - (i) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*; and
  - (ii) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*.
- (b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2022 has been properly accounted for and applied in accordance with the above mentioned Act and Regulations.

*Responsibilities*

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

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

Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants

Stewart Douglas  
Director  
Brisbane 20 October 2022

## AUDIT COMPLIANCE REPORT TO THE CHARITABLE COLLECTIONS ADVISORY COMMITTEE

We have audited the compliance of Compassion Australia (the "Company") with the significant control requirements of the *Charitable Collections Act (1946)* and the *Charitable Collections Regulations (1947)* as in Appendix A, for the year ended 30 June 2022.

### Directors' Responsibility

The Directors of the Company are responsible for ensuring that the financial management and fundraising activities of the company are conducted in accordance with the significant control requirements of the *Charitable Collections Act (1946)* ("the Act") and the *Charitable Collections Regulations (1947)* ("the Regulations") as described in Appendix A.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the company's compliance with the Act and Regulations. Our compliance audit has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements) to provide reasonable assurance that the Company has complied, in all material respects, the significant control requirements of the *Charitable Collections Act (1946)* and the *Charitable Collections Regulations (1947)* as described in Appendix A.

Our procedures included examination on a test basis of evidence supporting compliance with those requirements described in Appendix A. These procedures have been undertaken to form a conclusion as to whether Compassion Australia has complied in all material respects with the requirements described in Appendix A.

### Use of Report

The compliance audit report was prepared for the Charitable Collections Advisory Committee ("the Department") in accordance with the *Charitable Collections Act (1946)* and the *Charitable Collections Regulation (1947)*. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Department or Compassion Australia or for any purpose other than that for which it was prepared.

### Inherent Limitations

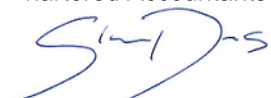
Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in Appendix A as an audit is not performed continuously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

### Conclusion

In our opinion Compassion Australia has complied, in all material respects, with the requirements of the *Charitable Collections Regulations (1947)* as described in Appendix A, for the year ended 30 June 2022.



Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants



Stewart Douglas (Registered Company Auditor #345882)  
Director  
Brisbane  
20 October 2022

### **Bentleys Brisbane (Audit) Pty Ltd**

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**Compassion Australia**  
**Declaration by Chief Executive Officer**  
**30 June 2022**

**Declared Opinion**

I, Clare Steele, Chief Executive Officer of Compassion Australia declare, in my opinion:

- (a) the financial report, set out on pages 7 to 31, gives a true and fair view of all income and expenditure of Compassion Australia with respect to fundraising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by Compassion Australia;
- (c) the provisions of the *Charitable Fundraising Act 1991* and the Regulations under that Act and the conditions attached to the authority have been complied with for the year 1 July 2021 to 30 June 2022 ; and
- (d) the internal controls exercised by Compassion Australia are appropriate and effective in accounting for all income received and applied by Compassion Australia from all of its fundraising appeals.



Clare Steele  
*Chief Executive Officer*

20 October 2022