



# **The International Nepal Fellowship [Australia] Limited**

ABN 75 090 528 500

## **General Purpose Financial Report 30 June 2018**

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# DIRECTORS' REPORT

The Directors of the International Nepal Fellowship (Australia) Ltd (hereafter referred to as INF Australia) present their report made in accordance with a resolution of the Directors with respect to the year ended 30 June 2018.

## 1. Principal Activities

The principal activity of INF Australia during the last year was to work with INF Nepal and other partner organisations to serve poor and disadvantaged people and communities in Nepal. This was done through raising awareness of the situation in Nepal and encouraging prayer for Nepali people; raising funds to support projects addressing their needs, and enabling Australian volunteers to serve in Nepal.

## 2. Financial Results and Review of Operations

Over the last year, supporters have given generously to INF Australia and this has enabled us to increase our support for projects in Nepal while at the same time investing in new staff capacity and exploring new strategic directions. Our accounts for the 2018 financial year show a loss of \$113,803 [2017: -\$139,823], but as explained below, this is mainly because we have spent the final instalments of disaster relief funds that were given immediately after the 2015 earthquakes.

The total expenditure directly related to our work in Nepal last year was \$1,636,963 [2017: \$1,220,572], while total income of \$2,254,000 included a very generous bequest of \$300,000. \$100,000 of this was remitted to INF's Green Pastures Hospital to support their activities, and approximately \$30,000 was used in general funds. The remaining funds will be allocated to activities in Nepal in the next financial year.

One key change to our accounts this year is that we have estimated the value of the services provided by our volunteers working in Nepal – this is included as 'non-monetary income and expenditure'. We do this to honour their contribution and show how deeply committed Australian supporters are to the work of INF in Nepal.

### **Project funding and disaster response**

Our operating deficit is mainly due to the final acquittal of funds raised in response to the major earthquakes in Nepal in 2015 (\$218,000 in the last financial year). At the time of the earthquakes, we estimated that disaster response funds would be spent over the following three years and this will be largely accurate: by early 2018, all planned construction activities that INF committed to support had been started, with some private homes, local government offices and school buildings in Ghorkha district being completed and handed over. Additional activities to support organisations providing counselling training have also been phased out in the last year.

Natural disasters continued to affect the people of Nepal, with widespread monsoonal flooding in August 2017 costing 140 lives and leaving hundreds of thousands of people homeless. INF Australia provided small grants to support the response work of INF Nepal and other partner organisations.

INF Australia continued to work towards achieving its vision of 'life in all its fullness for Nepal's poor and disadvantaged people and communities' focusing on supporting community development projects implemented by INF Nepal that empowered women and united

communities in the Nepali districts of Jumla and Kapilvastu, two of the poorest areas in the country. We also continued to support projects providing medical treatment and rehabilitation and promoting inclusion for people with disability in Nepal (an extremely marginalised and stigmatised group). These included community based rehabilitation activities in three districts of western Nepal, and INF's Green Pastures Hospital and Rehabilitation Centre in the city of Pokhara.

Our grants have been used to directly improve the lives of beneficiaries, for example in leadership and income generation training, support for starting small businesses, and providing rehabilitation and assistive devices. They have also been used to strengthen our partner organisations and invest in continuous improvement, such as an internship scheme to identify and train future leaders in Nepal, and support for Local Disabled Peoples' organisations which advocate for the rights of persons with disability.

### **Volunteer services**

As well as sending funds to support partner organisations, INF Australia enables Australian volunteers to serve in Nepal, using their professional qualifications and experience to support the work of partner organisations. The number of volunteers increased over the last year, with an additional family moving to Nepal to teach at an International school in Kathmandu, joining others serving in health and financial advisory roles, teaching and training.

For the first time we have sought to recognise to the value of non-financial contribution of these volunteers in our accounts, comparing what they might earn in Australia to the volunteer allowances they receive in Nepal.

While sending volunteers to Nepal remains a core part of INF Australia's work, it is likely to decline in future years as the growing number of Nepali professionals mean that there is less need for expatriates.

### **Capacity building and strategic planning.**

Over the last year, INF Australia has undertaken a review of its activities and strategy, and invested in new staff to ensure that change is planned and executed well.

### **INF Family.**

The INF family of organisations is comprised of INF Nepal (a Nepali NGO implementing health and development projects), with support coming from INF organisations in the UK, New Zealand, USA and Canada as well as Australia, and INF International, whose role is to support and coordinate the rest of the family, focused on the recruitment of expatriate volunteers, and the flow of funds for INF Nepal. Due to the falling numbers of expatriate volunteers serving in Nepal, INF International is scaling back its capacity, handing activities over to INF Nepal and other organisations.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## DIRECTORS' REPORT *(continued)*

### 3. Objectives and Strategies

The company's short term objectives are to:

- Support the work of INF Nepal and other partners to improve the lives of Nepal's poor and disadvantaged people and communities;
- Support the earthquake relief and other disaster response activities of INF Nepal and other partners;
- Raise up volunteers to serve with partner organisations in Nepal;
- Provide training and technical support to help partner organisations to be more effective; and
- Engage with the Australian public to build awareness of the issues in Nepal and include them in our work.

The company's long term objectives are to:

- Enable Nepal's poor and disadvantaged people and communities to experience 'life in all its fullness'; and
- Eliminate extreme poverty and social injustice among Nepali people.

To achieve these objectives, the company has adopted the following strategies:

- Raised funds from individuals and organisations around Australia to support projects in Nepal;
- Attended community events and conferences to share about INF's work;
- Started new initiatives to engage with new and younger supporters; and
- Strengthened its governance framework, including building the capacity of its Board, the adoption of a risk management framework and committees to review matters relating to finance and risk, and the effectiveness of projects in Nepal.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## DIRECTORS' REPORT *(continued)*

### 4. Likely Developments

In early 2018 incumbent INF Australia Chief Executive Officer (CEO), Philip Morris, announced his resignation to The Board of Directors effective November 2018. As at 30 June the Board had commenced the CEO search and is due to appoint the CEO prior to this year's Annual General Meeting (AGM) in November 2018.

### 5. Director's Benefits

Since the beginning of the financial year no Director of the company has received, or has become entitled to receive, a benefit (other than salary as an employee) because of a contract that a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial interest has made with the company, or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when a Director received or became entitled to receive, the benefit.

### 6. Director's Indemnity Insurance

The Company paid a premium to insure all Directors' for liability, including costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against them in their capacity as Directors of the Company.

### 7. Director's Details

The Directors in office at the date of this report and during the financial year together with their meeting attendances, shown in parentheses, are:

<b>Richard Groves (Chairman)</b>	Risk Management Consultant, Director for 6 years; (5)
<b>Rudra Paudel</b>	Business Owner, Director for 3 years (3)
<b>Upendra Singh</b>	IT Administrator, Director for 8 years (5)
<b>Matthew Johnson</b>	Management Consultant, Treasurer, Director for 3 years (3)
<b>Kerrie Worboys</b>	Retired Pharmacist and INF worker, Director for 3 years (5)
<b>William Hood</b>	IT professional, Director for 18 months (4)
<b>Catherine Clark</b>	Medical doctor, Director for 18 months. (4)
<b>Nicola McGunnigle</b>	Environmental Geologist, Director for 9 months (3)

There were a total of **five (5)** Directors meetings held during the financial year.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD DIRECTORS' REPORT *(continued)*

## **8. Company Limited by Guarantee**

The company is incorporated under the Companies Act 1938 and is a company limited by guarantee. If the company is wound up, the constitution states that each Member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. As at 30 June 2018, there were 105 members and therefore the total amount that Members of the company are liable to contribute if the company is wound up is \$1,050.

## **9. Auditors Independence Declaration**

A copy of the auditor's independence declaration is shown later in this report.

On behalf of the Board,



Richard Groves  
Chair of the Board

Chatswood  
**26/09/2018**

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

		2018			2017		
		General Support	Designated Support	Total	General Support	Designated Support	Total
<b>Revenue</b>							
Donations and Gifts:							
Monetary		128,059	1,074,468	1,202,527	145,278	824,931	970,209
Non-Monetary	<b>10</b>	66,722	326,450	393,172	16,602	288,200	304,802
				-			
Bequests and Legacies		200,000	100,000	300,000	26,500	-	26,500
				-			
Grants:							
Department of Foreign Affairs and Trade		26,000	124,000	150,000	24,000	126,000	150,000
Other Australian Grants	<b>12</b>	-	100,000	100,000	15,000	110,000	125,000
				-			
Interest Income		5,083	17,166	22,249	7,525	7,113	14,638
Project Management Fees		42,056	-	42,056	51,476	-	51,476
Volunteer Program Contributions		41,842	-	41,842	35,509	-	35,509
Other Income		2,371	-	2,371	15,267	-	15,267
		<b>\$512,133</b>	<b>\$1,742,084</b>	<b>\$2,254,217</b>	<b>\$337,157</b>	<b>\$1,356,244</b>	<b>\$1,693,400</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

		2018			2017		
		General Support	Designated Support	Total	General Support	Designated Support	Total
<b>Expenditure</b>							
International Programs							
- funds to development programs		-	1,057,308	1,057,308	-	732,871	732,871
- funds to welfare and service programs		-	554,060	554,060	-	466,287	466,287
- program support costs		105,095	-	105,095	93,830	-	93,830
		<b>105,095</b>	<b>1,611,368</b>	<b>1,716,463</b>	<b>93,830</b>	<b>1,199,158</b>	<b>1,292,988</b>
Community Education	11	46,631	-	46,631	53,858	-	53,858
Fundraising Costs – public		38,913	-	38,913	33,792	-	33,792
Fundraising Costs – government		4,068	-	4,068	3,551	-	3,551
Accountability and Administration		103,609	-	103,609	86,830	-	86,830
Non-Monetary Expenditure	10	66,722	326,450	393,172	16,602	288,200	304,802
<b>Total International Aid and Development Programs Expenditure</b>		<b>365,038</b>	<b>1,937,818</b>	<b>2,302,856</b>	<b>288,463</b>	<b>1,487,358</b>	<b>1,775,820</b>
Domestic Programs Expenditure		39,569	25,595	65,164	35,989	21,414	57,403
<b>Total Expenditure</b>		<b>\$404,607</b>	<b>\$1,963,413</b>	<b>\$2,368,020</b>	<b>\$324,452</b>	<b>\$1,508,772</b>	<b>\$1,833,224</b>
<b>Excess of revenue over expenditure</b>		<b>\$107,526</b>	<b>(\$221,329)</b>	<b>(\$113,803)</b>	<b>\$12,705</b>	<b>(\$152,528)</b>	<b>(\$139,823)</b>
Other Comprehensive income		-	-	-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>\$107,526</b>	<b>(\$221,329)</b>	<b>(\$113,803)</b>	<b>\$12,705</b>	<b>(\$152,528)</b>	<b>(\$139,823)</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	<b>General Fund</b>	<b>Designated Funds</b>	<b>Total Equity</b>
<b>Balance at 30 June 2016</b>	<b>\$408,324</b>	<b>\$1,011,412</b>	<b>\$1,419,736</b>
<b>Comprehensive Income</b>			
Excess of revenue over expenses	14,338	(152,526)	(138,188)
Other amounts transferred to/(from) reserves	-	-	-
<b>Balance at 30 June 2017</b>	<b>\$422,662</b>	<b>\$858,886</b>	<b>\$1,281,548</b>
<b>Balance at 1 July 2017</b>	<b>\$422,662</b>	<b>\$858,886</b>	<b>\$1,281,548</b>
<b>Comprehensive Income</b>			
Excess of revenue over expenses	107,526	(221,329)	(113,803)
Other amounts transferred to/(from) reserves			
<b>Balance at 30 June 2018</b>	<b>\$530,188</b>	<b>\$637,557</b>	<b>\$1,167,745</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

		2018	2017
<b>Current Assets</b>			
Cash and Cash Equivalents	3	1,202,974	1,129,805
Trade and Other Receivables		9,891	7,481
Inventories		246	2,355
Other Financial Assets	5	297	163,361
Other Current Assets		1,475	1,475
<b>Total Current Assets</b>		<b><u>\$1,214,883</u></b>	<b><u>\$1,304,477</u></b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	2,316	2,817
<b>Total Non-Current Assets</b>		<b><u>\$2,316</u></b>	<b><u>\$2,817</u></b>
<b>Total Assets</b>		<b><u>\$1,217,199</u></b>	<b><u>\$1,307,294</u></b>
<b>Current Liabilities</b>			
Trade and Other Payables	7	21,465	5,700
Current Tax Liabilities	8	4,942	4,113
Current Provisions	6	8,245	4,548
<b>Total Current Liabilities</b>		<b><u>\$34,652</u></b>	<b><u>\$14,361</u></b>
Non-Current Provisions	6	14,802	11,385
<b>Total Non-Current Liabilities</b>		<b><u>\$14,802</u></b>	<b><u>\$11,385</u></b>
<b>Total Liabilities</b>		<b><u>\$49,453</u></b>	<b><u>\$25,746</u></b>
<b>Net Assets</b>		<b><u>\$1,167,745</u></b>	<b><u>\$1,281,548</u></b>
<b>Accumulated Funds and Reserves</b>			
General Fund		530,188	422,662
Designated funds		637,557	858,886
<b>Total Funds</b>		<b><u>\$1,167,745</u></b>	<b><u>\$1,281,548</u></b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF CASH FLOWS AS AT 30 JUNE 2018**

	Notes	2018	2017
<b>Cash flows from operating activities:</b>			
Receipts from supporters		1,800,307	1,306,513
Receipts from DFAT		150,000	150,000
Interest received		22,248	14,637
		1,972,555	1,471,150
Payments to suppliers and employees		(441,486)	(409,211)
Payments for designated projects		(1,457,900)	(992,161)
		(1,899,386)	(1,401,372)
Net cash flow provided by operating activities	<b>4</b>	73,169	69,778
<b>Net cash increase/(decrease) for the year</b>		<b>73,169</b>	<b>69,778</b>
Cash at the beginning of the year		1,129,805	1,060,027
<b>Cash at the end of the year</b>		<b>\$1,202,974</b>	<b>\$1,129,805</b>

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

## THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD FUNDRAISING RATIOS AS AT 30 JUNE 2018

The following information is disclosed in accordance with the NSW Charitable Fundraising Act. Charitable fundraising license number 17644, expiry 6/12/2019.

Total Costs of Fundraising	<u>42,982</u>	3%	<i>We spend 3% of our public donated income on fundraising (public income does not include interest or grants).</i>
Total Income from Fundraising	1,586,425		
Net Surplus from Fundraising	<u>1,543,443</u>	97%	<i>Of all public donations, we use 97% in serving the people of Nepal (net surplus is income less cost of fundraising).</i>
Total Income from Fundraising	1,586,425		
Total Cost of Services	<u>146,590</u>	6%	<i>94% of all costs are directly incurred in aiding Nepal projects and programmes (cost of services includes fundraising and administration costs)</i>
Total Expenditure	2,368,020		
Total Cost of Services	<u>146,590</u>	7%	<i>93% of our income is directly assisting Nepal projects and programmes.</i>
Total Income	2,254,217		

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

## 1. Basis of Preparation

### 1.1 Basis of preparation

The International Nepal Fellowship (Australia) Ltd (the “Company”) is a company limited by guarantee, incorporated and domiciled in Australia. The registered office of the Company is 1 View Street, Chatswood, NSW. The Company is a non-for-profit entity and primarily is involved in health and development work in Nepal.

The Company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements).

These financial statements are general purpose financial statements that have been prepared in Accordance with Australian Accounting Standards – Reduced Disclosure Requirements, ACFID Code of Conduct and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for the purpose of preparing the financial statements. This is a change from the previous financial year where the Company reported the financial statements as special purpose financial statements.

### 1.2 Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company’s functional currency.

## 2. Significant Accounting Policies

### 2.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

#### 2.2 New accounting standards applicable for future periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards that have future implementation dates but allow for early adoption. The Company has not chosen to adopt the following standards early:

AASB 16 Leases (applicable 1 January 2019)

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Donations and fundraising  
The Company recognises amounts donated or raised on behalf of the Company as income only when they are received by the Company.
- ii) Grants  
Grant revenue is recognised in the statement of income and expense when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.
- iii) Interest  
Interest is recognised when received/receivable.

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

#### 2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank and term deposits.

#### 2.5 Property, Plant and Equipment

Property, plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

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 impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment from the time the asset is ready for use. The following useful lives are applied:

Office equipment	3-5 years
Furniture and fittings:	3-5 years
IT Hardware:	3-5 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

#### **2.6 Employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current proportion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, INF Australia does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled wholly within the next 12 months. However, these amounts must be classified as current liabilities since INF Australia 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.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits is discussed in the notes below.

##### *i) Wages and salaries*

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised 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.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

#### *ii. Annual Leave*

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that INF Australia expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as INF Australia does not expect all annual leave for all employees to be used wholly within twelve (12) months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

#### *iii. Long service leave*

The liability for long service leave is recognised and measured at the present value of the estimated 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 through promotion and inflation have been taken into account.

#### *iv. Superannuation*

INF Australia provides post-employment benefits contribution to the employees' preferred superannuation funds.

## **2.7 Financial Instruments**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to contractual provisions of the instruments. Financial instruments are initially measured at fair value plus transaction costs on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

All financial assets except for those at fair value are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

## **2.8 Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified as loans and receivables.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables are not considered to be individually impaired are reviewed for impairments in groups, which are determined by reference to the industry and region of a counterparty and other shared credit

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

#### *Classification and subsequent measurement of financial liabilities*

The Company's financial liabilities include trade and other payables. These are measured subsequently at amortised cost using the effective interest method that are carried subsequently at fair value with gains or losses recognised in profit or loss.

#### **2.9 Goods and Services (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 Australian Taxation 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 balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **2.10 Income Tax**

The company has been endorsed by the Australian Taxation Office as an income tax exempt charitable entity under Sub Division 50-B of the Income Tax Assessment Act 1997. It is registered as a Charity with the Australian Charities and Not for Profits Commission. The company is also registered with the Australian Taxation Office as a Public Benevolent Institution and was endorsed as a deductible gift recipient from 12 February 2016.

#### **2.11 Reserves**

Reserves include: bequest and memorial funds which are administered according to the donors' request within the scope of INF programs; donations given for designated purposes which will be acquitted in future years; and donations given to INF's general fund which have not yet been acquitted. In 2017, the INF Australia Board introduced a Reserves Policy to define its minimum targeted level of reserves and how excess reserves should be used.

#### **2.12 Significant management judgment in applying accounting policies**

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### *Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### *Long Service Leave*

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### **2.13 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its financial obligations as and when they fall due.

### **3. Cash and Cash Equivalents**

The cash and cash equivalents amount in the balance sheet is represented by:

	<b>2018</b>	<b>2017</b>
Cash at bank	432,998	370,231
Cash on short term investments	769,976	759,574
<b>Total Cash and Cash Equivalents</b>	<b>\$1,202,974</b>	<b>\$1,129,805</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

**4 Reconciliation of Cash Flows from Operating Activities**

	<b>2018</b>	<b>2017</b>
Surplus /(deficit) from ordinary activities	(113,803)	(139,823)
Change in Operating Assets & Liabilities:		
Decrease/(increase) in inventories	2,109	(2,098)
(Increase)/decrease in other financial assets	163,064	226,639
Decrease/(increase) in non-current assets	502	(1,585)
Decrease/(increase) in other assets	-	-
Decrease/(increase) in Trade and Other Receivables	(2,410)	(7,481)
Increase/(decrease) in payables	15,765	(5,170)
Increase/(decrease) in PAYG withholding liability	828	496
(Decrease)/increase in other current liabilities	3,698	(7,276)
(Decrease)/increase in non-current liabilities	3,416	4,442
Increase/(decrease) in retained earnings (opening balance adjustments)		1,634
<b>Net Cash from/(Used In) Operating Activities</b>	<b>\$73,169</b>	<b>\$69,778</b>

**5. Other Financial Assets**

In order to facilitate program continuity over the year end period and minimise the impacts of foreign exchange movements, funds were transferred to INF International in the financial year ended 30 June 2016, to be held on INF Australia's behalf in Nepali Rupees. This payment has been separated in the accounts and included under other financial assets in the current financial year. These funds have been acquitted over three financial years since the payment was made. Over the course of the year ended 30 June 2018 the prepayment was fully acquitted with a final acquittal amount of \$174,365.

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

**6. Provisions**

Provision amounts in the balance sheet is represented by:

	<b>2018</b>	<b>2017</b>
<i>Current</i>		
Annual leave	8,245	3,021
Long service leave	-	1,526
	<b>\$8,245</b>	<b>\$4,548</b>
	<b>2018</b>	<b>2017</b>
<i>Non-current</i>		
Long Service leave	14,802	11,385
<b>Total Provisions</b>	<b>\$23,047</b>	<b>\$15,933</b>

**7. Trade and other payables**

Trade and other payables amount in the balance sheet is represented by:

	<b>2018</b>	<b>2017</b>
Accounts payable	11,344	2,157
Other short term liabilities	572	572
Employment liabilities	9,549	2,971
<b>Total Trade and other payables</b>	<b>21,465</b>	<b>5,700</b>

**8. Tax liabilities**

Tax liabilities in the balance sheet is represented by:

	<b>2018</b>	<b>2017</b>
GST paid/collected	12	-
PAYG withheld	4,930	4,113
<b>Total Tax Liabilities</b>	<b>4,942</b>	<b>4,570</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

**9. Property, plant and equipment**

Property, plant and equipment movements during the year were as follows:

	WDV* at 1/07/2017	Additions/Transfers	Disposals/Write- offs	Depreciation	WDV at 30/06/2018
Computer hardware	2,816	3,196	-	(3,697)	2,316
	2,816	3,196	-	(3,697)	2,316

\*WDV = written down value

**10. Non-monetary gifts and donations**

The work of INF Australia is supported by a large number of volunteers each year. The contributions from volunteers, through regular mail opening, project assistance, general administration etc. mean that INF Australia is able to deliver a great proportion of cash donations directly to field projects. The donated services of specific volunteers have been valued using DFAT guidelines and are recognised in the financial report as “Donations and Gifts – non monetary”.

During the year ended 30 June 2018, 410 volunteer hours were provided to INF Australia at a commercial value of \$10,472. In addition, architectural design services to support the construction of new buildings at INF’s Green Pastures Hospital in Pokhara were donated to the value of \$56,250.

This year, INF Australia has sought to demonstrate the value of the non-financial contribution provided by INF Australia’s volunteers in Nepal who serve in technical advisory and training roles. This has been calculated by comparing an estimate of their earning power in Australia to the volunteer allowance they receive in Nepal, and is summarised in the table below. We have re-stated our non-financial income and expenditure from 2017 to reflect this volunteer contribution.

	2018	2017
Non-financial contribution in Australia	\$66,722	\$16,602
Non-financial contribution in Nepal	\$326,450	\$288,200
Total	\$393,172	\$304,802

**11. Community Education**

Community education expenditures includes all costs related to informing and educating the Australian community of, and inviting their active involvement in global justice, development and

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2018

humanitarian issues. This includes the costs of research, producing and distributing materials, the cost of conducting educational campaigns and the cost of personnel involved in these activities.

#### **12. Other Australian Grants**

A corporate grant of \$100,000 was received in the financial year ended 30 June 2018 as a general grant to the INF Australia Relief Fund.

#### **13. Members Guarantee**

The Company is incorporated as a company limited by guarantee whereby the liability of each Member is limited and shall not exceed \$10 in the event of the company being wound up.

#### **14. Contingencies**

The Board is not aware of any contingent assets or contingent liabilities.

#### **15. Auditor's Remuneration**

Auditor's remuneration for the year ending 30 June 2018 was \$1,200 (2017: \$1,200). The audit report is prepared by Lawrence Green of Shedden & Green – Accountants and Advisors.

#### **16. Deductible Gift Recipient Status**

In 2016 financial year The International Nepal Fellowship (Australia) Limited ("INF Australia") was endorsed in its own right by the Australian Commissioner of Taxation to be a Deductible Gift Recipient ("DGR"). Previously only the INF Relief Fund was endorsed as a DGR. This now enables INF Australia and the INF Australia Relief Fund to issue tax deductible receipts for all donations received.

#### **17. Earthquake Income, Expenditure and Impact on Cash**

INF Australia committed \$390,000 from our Disaster Relief funds to support earthquake related rehabilitation and reconstruction activities in the year ended 30 June 2016. These funds have been transferred to a partner organisation in Nepal and are held in Nepali Rupees to provide certainty and protect against exchange loss. These funds have historically been recorded under "Other Financial Assets" and classified as Expenditure when the funds are acquitted. In the current year \$174,365 has been acquitted for and reflected in the Statement of Comprehensive Income as "Funds to Development Programs" expenditure.

#### **18. Post reporting date events**

The Directors are not aware of any significant events since the end of the reporting period

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD  
TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES  
FOR THE YEAR ENDED 30 JUNE 2018**

DESIGNATED SUPPORT	Available at start of year \$	Raised during year \$	Disbursed during year \$	Available at end of year \$
<b>Domestic projects</b>	5,588	37,684	(25,595)	17,677
<b>Development</b>				
Community Health and Development	338,084	711,787	(726,722)	323,149
Disaster Relief	65,103	33,995	(82,591)	16,507
Volunteers	55,177	84,025	(69,735)	69,467
<b>Service</b>				
Healthcare	9,381	11,830	(11,420)	9,791
Disaster Relief	-	30,462	(30,462)	-
Other projects	1,160	10,680	(6,735)	5,105
Volunteers	111,125	57,500	(59,360)	109,265
<b>Welfare</b>				
Healthcare	55,840	271,536	(276,844)	50,532
Other Projects	663	2,670	(3,333)	-
Volunteers	53,491	178,370	(165,103)	66,758
<b>Total Designated Support</b>	<b>695,612</b>	<b>1,430,540</b>	<b>(1,457,900)</b>	<b>668,251</b>
Memorial Fund	76,442	1,106	-	77,548
Development Fund	77,445	1,614	-	79,059
General Funds	280,306	539,295	(441,485)	378,116
<b>CASH TOTAL</b>	<b>1,129,805</b>	<b>1,972,555</b>	<b>(1,899,386)</b>	<b>1,202,974</b>

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD DIRECTORS' DECLARATION

In the opinion of the Directors of The International Nepal Fellowship (Australia) Ltd, the financial statements and notes are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including the following:

- i) Giving a true and fair view of the financial position as at 30 June 2018 and of its performance for the financial year ended on that date.
- ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting interpretations); and the Australian Charities and Not-for-Profits Commission Regulation 2013.
- iii) There are reasonable grounds to believe that The International Nepal Fellowship (Australia) Ltd will be able to pay its debts as and when they become due and payable.
- iv) The provisions of the Charitable Fundraising Act 1991 and the conditions attached to the Authority to Fundraise have been complied with.
- v) Internal Controls exercised by the Organisation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not for Profits Commission Regulation 2013.

On behalf of the board



Richard Groves  
Chair of the Board

Chatswood  
**26/09/2018**

# Auditor's Independence Declaration



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

25 September 2018

The Board of Directors  
International Nepal Fellowship (Australia) Ltd  
PO Box 5400  
CHATSWOOD NSW 1515

### Independence of the Auditors

We confirm that for the audit of the financial report of International Nepal Fellowship (Australia) Ltd for the year ended 30<sup>th</sup> June 2018, we have maintained our independence in accordance with requirements of Shedden & Green Partners, with the provisions of Professional Statement F1, and with the provisions of the Corporations Act 2001.

In the spirit of this confirmation, we have prepared the following comments to facilitate discussion and enable you to have a clear understanding of the issue.

### Other services

We have not carried out any engagements for the Company or any related entities that would impair our firm's professional independence as auditor. Any services provided are subject to our own and the profession's strict rules and policies regarding auditor independence, as well as to certain statutory requirements. We enforce these rules and policies in order to maintain objectivity and to be free of conflicts of interest when discharging our professional responsibilities. Our appointment as service provider for these engagements has been subject to the Company's corporate governance procedures encompassing the selection of service providers and the setting of their remuneration. Some of the safeguards we follow with regard to auditor independence in relation to the provision of these services include ensuring:

- the services have not involved partners or staff acting in a managerial or decision-making capacity, or being involved in the processing or originating of transactions;

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- the services have only been provided where we are satisfied that the related function or process will not have a material bearing on our planned audit procedures and would not involve us auditing our own work;
- the partners and staff involved in the provision of non-audit services have not participated in the Company's associated approval or authorisation processes; and

Based on the above safeguards, we are satisfied that the provision of other services has not in any way compromised our independence as external auditor of the Company.

### **Seconded staff**

Professional staff members have not been seconded to the Company. It is our policy that if such secondment did occur then seconded staff would not normally be members of the audit team except that where seconded staff were also members of the audit team, they would have not been directly involved in the audit of their own work papers, calculations or other relevant documents generated by them during the period of their secondment.

### **Unresolved disagreements**

We have not had any unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial report. Furthermore, management has not sought to influence our views on matters relevant to our opinion.

### **Financial interests**

As your auditors, direct and material indirect investment in the Company or any entities related to the entity or to its Board is prohibited to us, subject to certain grandfathering provisions for immaterial investments. In summary this prohibition extends to:

- all partners and professional staff, and superannuation fund and any entities controlled by them;
- the families of these partners and professional staff; and
- the firm's partner and staff superannuation funds.

We seek annual confirmation from our partners and staff that they have complied with this requirement and we actively monitor financial interests of our partners and staff. Based on the results of this we are not aware of any instances where partners or staff are not in compliance with this requirement in relation to this engagement.

### **Borrowings**

The Company is not permitted to lend to the general public. Borrowing from clients is generally prohibited for our partners as well as staff and their relatives and any associated entities. We seek annual confirmation from partners and staff that they do not have such borrowings from the company as are prohibited under the Corporations Act 2001 or by our policy. Based on the results of this confirmation, we are not aware of any instances where our partners or relevant staff are not in compliance with this policy.

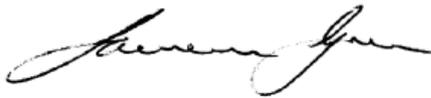
## Other relationships

There are no situations where a spouse or close relative of a partner or staff members involved in the audit occupy a position as a director or executive of the Company that is significant to the audit.

There are no situations where a partner or staff member has accepted a position of employment with the Company or any related entities in a senior executive or managerial capacity during or since the end of the financial year.

This report is intended solely for the use of the Board of Directors, management, and others within the Company and should not be used for any other purpose.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Lawrence R Green', written in a cursive style.

*Lawrence R Green FCA*  
Partner

# Auditor's Report



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

### INDEPENDENT AUDIT REPORT

#### Report on the Audit of the Financial Report

#### Opinion

In our opinion, the financial report of International Nepal Fellowship (Australia) Ltd:

- (1) has been prepared in accordance with Division 60 of the Australian Charities and Not For Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Company's financial position as at 30<sup>th</sup> June 2018 and of its financial performance and cash flows for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and Division 60 of the Australian Charities and Not For Profits Commission Regulation 2013.
- (2) The financial reports and associated records have been properly kept in accordance with the Charitable Fundraising Act and its regulations.
- (3) Monies received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the NSW Charitable Fundraising Act and its regulations.

#### Basis for opinion

We conducted the 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 registered entity in accordance with 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.

#### Responsibility of Those Charged with Governance for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation of the

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financial report is appropriate to meet the requirements of the ACNC Act, the requirements of ACFID and the Company's Constitution and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a 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 responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

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

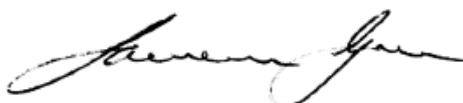
The audit objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 the 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 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 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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the audit opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the registered entity 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 the audit.

Shedden and Green Partners  
Lawrence R Green FCA – Partner



8 October 2018

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INF Australia is accredited with the Department of Foreign Affairs and Trade (DFAT) Australian NGO Cooperation Program (ANCP) and receives funds from the Australian government.



AUSTRALIAN  
COUNCIL  
FOR  
INTERNATIONAL  
DEVELOPMENT

The International Nepal Fellowship (Australia) Limited is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

ACFID monitors compliance with the Code and offers a mechanism to address concerns relating to signatories' conduct. More information about the ACFID Code of Conduct can be obtained from The International Nepal Fellowship (Australia) Limited or from ACFID at: [www.acfid.asn.au](http://www.acfid.asn.au) / [code@acfid.asn.au](mailto:code@acfid.asn.au) / (02) 6285 1816

We aim to be honest and transparent in everything we do. We want to be accountable and welcome feedback on all aspects of what we do. Please use the contact details below to get in touch if you have questions or comments.

If you are not satisfied, INF Australia has a 'Complaints' Policy that defines how complaints or concerns can be raised in confidence, and how INF Australia will respond to them. It can be found on our website: [www.inf.org/INF-Australia/](http://www.inf.org/INF-Australia/)



A Christian mission serving the physical and spiritual needs of Nepali people.

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