

# The Hunger Project Australia Limited

ABN 45 002 569 271



Annual Financial Report  
for the year ended 31 December 2015

# Contents

<b>Directors' Report</b>	<b>2</b>
<b>Auditors' Independence Declaration</b>	<b>6</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Statement of Financial Position</b>	<b>8</b>
<b>Statement of Cash Flows</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>
<b>Directors' Declaration</b>	<b>26</b>
<b>Independent Auditor's Report</b>	<b>27</b>

# Directors' Report

The Directors present this report on the Company for the financial year ended 31 December 2015.

## DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

<b>Names</b>	<b>Qualifications, experience and special responsibilities</b>
<p>Diane Grady (Chairperson) (appointed 4 June 2010)</p>	<p>Diane Grady is on the Board of Directors of Macquarie Group, Spotless Group, and on the Senior Advisory Council of McKinsey &amp; Company. She is Chairman of Ascham School, a member the NSW Innovation and Productivity Council, the AICD NFP Chair's forum and Heads Over Heels Advisory Board. Diane was formerly a Director of Bluescope Steel, Woolworths Ltd, Goodman Group, Lend Lease Group and The Sydney Opera House Trust. Diane also previously was President of Chief Executive Women and a partner of McKinsey &amp; Co.</p>
<p>Rachel Akehurst (appointed 22 June 2012)</p>	<p>Rachel Akehurst is the founder of RSA Consulting, a management consultancy specialising in leadership and cultural transformation. She is passionate about co-creating possibility for individuals, groups, organisations and communities. Rachel originally trained as a psychologist and worked for Shell International in London for 7 years before moving to work in the Netherlands and Australia. She is also on the Board of the Fortitude Foundation.</p>
<p>Bruce Beeren (appointed 14 August 2008)</p>	<p>Bruce Beeren is a fellow of CPA Australia and the Australian Institute of Company Directors and has over 40 years' experience in the energy industry. He was CFO of AGL Energy for 12 years, and Finance Director of Origin Energy for 5 years. He has recently retired from the Boards of Origin, Contact Energy (NZ) and Veda Group.</p>
<p>Simon Blackburn (appointed 4 June 2014)</p>	<p>Simon Blackburn is a Director in McKinsey &amp; Company's Sydney office, and has been with McKinsey for 18 years. He has a particular passion for organisational change and development including the theme of leader-driven change, and he leads the Transformational Change service line for McKinsey's Organisation practice in Asia, serving clients in both the private and public sectors. He has a strong personal interest in transformation, with a focus on changing behaviours to drive lasting performance improvement.</p> <p>Simon originally trained as an engineer and spent 11 years in McKinsey's Boston office prior to returning to Australia in 2008. His experience spans organisation, strategy, operations, information technology, and marketing &amp; sales.</p> <p>In addition to the National Board of The Hunger Project, Simon serves on the board of the Woolcock Institute of Medical Research and previously on the board of Parents as Teachers National Centre, and the Massachusetts STEM Collaborative.</p>
<p>Catherine Burke (appointed 3 April 1998)</p>	<p>Catherine Burke served as Chief Executive Officer of The Hunger Project Australia from 1998 to April 2016. Cathy has expanded her influence, knowledge and leadership within The Hunger Project by taking on the role of Global Vice President and Global Leader of Partnerships. Cathy has a Bachelor of Arts (English and Politics) and a Graduate Diploma in Applied Women's Studies. She has spent time in the field, leading many trips to Africa and South Asia.</p>
<p>Debra Kwasnicki (appointed 22 June 2012)</p>	<p>Debra Kwasnicki is a Partner at Sheldon Harris Consulting with 16 years' experience in Executive Search and Assessment. She was a Partner at Russell Reynolds Associates, and served as an independent management consultant in the technology industry. Prior to her consulting career, Debra was General Manager, Customer Service and Quality with Telstra Corporation and had a 12-year career with IBM Australia Limited, where she served in a variety of sales, management, technical support and human resources roles. She was also Chair of the Human Resources Subcommittee for the Salvation Army Advisory Board. Debra took a sabbatical in 2012, living and working in Malawi, volunteering for The Hunger Project in Africa, and assisting the organisation to improve their operational effectiveness in working towards their goal of ending hunger and poverty.</p>

## Directors' Report (continued)

Roger Massy-Greene  
(appointed 22 November 2010)

Roger Massy-Greene currently serves as Chair of two state owned electricity utilities in New South Wales. He was previously the Chair of Networks NSW, a joint venture entity that managed the three electricity distribution networks in that state. Roger is a director of OneVentures Pty Ltd, a technology venture firm. He co-founded the ASX 200 company Excel Coal Limited and was its Chairman until its acquisition by Peabody Energy in 2006. He previously worked for Bank of America, and for Rio Tinto plc. Roger also serves as Chairman of the Salvation Army's Sydney Advisory Board and of Eureka Benevolent Foundation (EBF), a family foundation focused on social justice issues. He is the Deputy President of Cranbrook School in Sydney. Roger holds a Bachelor of Science and Bachelor of Engineering with Honours from the University of Sydney, and a Master of Business Administration from Harvard University.

### **NET DEFICIT AFTER INCOME TAX**

The deficit of the company for the financial year was \$89,564 (2014: deficit of \$514,740). This deficit results from costs of global projects and operating costs exceeding current year's net income.

### **REVIEW OF OPERATIONS**

Following a review of the company's operations during the financial year and the results of those operations, in the opinion of the directors, the company performed above expectations.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the course of the year was as a Charitable Organisation.

There have been no significant changes in the nature of these activities during the year.

### **AFTER BALANCE DATE EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

### **FUTURE DEVELOPMENTS**

The company expects to maintain the present status and level of operations and hence there are no likely known developments in future financial years.

### **ENVIRONMENTAL ISSUES**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### **DIVIDENDS**

The company is prohibited from declaring and paying dividends, being a company limited by guarantee.

## Directors' Report (continued)

### OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year. Furthermore, there were no options outstanding at the date of this report.

### INDEMNITIES GRANTED

During or since the financial year, the company has paid premiums in respect of a contract insuring all the Directors of The Hunger Project Australia Limited against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director other than conduct involving a wilful breach of duty.

The total amount of insurance contract premiums paid was \$2,684 (2014: \$2,667)

### ACTIONS

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not a party to any such proceedings during the year.

### DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number of meetings attended	Number of meetings eligible to attend
Diane Grady	5	6
Rachel Akehurst	4	6
Bruce Beeren	6	6
Catherine Burke	6	6
Deb Kwasnicki	5	6
Roger Massy-Greene	6	6
Simon Blackburn	6	6

## Directors' Report (continued)

### AUDITOR INDEPENDENCE

The Auditors' Independence Declaration for the year ended 31 December 2015 has been received and can be found on page 6 of the annual financial report.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



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Diane Grady  
Director

Sydney  
Date: 23 May 2016



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## **Auditor's Independence Declaration to the Directors of The Hunger Project Australia Limited**

As lead auditor for the audit of The Hunger Project Australia for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Subdivision 60-C of the Australian Charities and Not-for profits Commission Act 2012; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Meredith Scott'.

Meredith Scott  
Partner  
Sydney  
23 May 2016

# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 \$	2014 \$
<b>Continuing Operations</b>			
Fundraising – Donations		5,040,586	4,304,098
Other income		52,233	70,919
<b>Revenue</b>	6	<u>5,092,819</u>	<u>4,375,017</u>
Employee benefits expense	7	(849,402)	(634,906)
Costs of global projects		(3,765,824)	(3,933,367)
Travelling expenses		(91,110)	(76,867)
Telecommunications		(7,546)	(8,765)
Rent Expense		(44,963)	(34,504)
Office supplies		-	(540)
Depreciation and amortisation	8	(16,196)	(13,167)
Legal and consulting		(12,494)	(7,463)
Marketing costs		(6,518)	(8,188)
Finance costs		(8,489)	(8,131)
Other expenses		(379,841)	(163,859)
<b>Expenditure</b>		<u>(5,182,383)</u>	<u>(4,889,757)</u>
<b>Deficit for the year</b>		<u>(89,564)</u>	<u>(514,740)</u>
Income tax expense		-	-
<b>Net deficit for the year</b>		<u>(89,564)</u>	<u>(514,740)</u>
Other items of comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<u><u>(89,564)</u></u>	<u><u>(514,740)</u></u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

AS AT 31 DECEMBER 2015

	NOTE	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	1,231,126	1,141,869
Trade and other receivables	11	258,871	235,973
Prepayments	12	20,618	12,202
<b>TOTAL CURRENT ASSETS</b>		<b>1,510,615</b>	<b>1,390,044</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	14,013	20,679
Intangible assets	14	18,715	17,506
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,728</b>	<b>38,185</b>
<b>TOTAL ASSETS</b>		<b>1,543,343</b>	<b>1,428,229</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	15	116,714	123,996
Provisions	16	1,116,793	904,833
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,233,507</b>	<b>1,028,829</b>
<b>TOTAL LIABILITIES</b>		<b>1,233,507</b>	<b>1,028,829</b>
<b>NET ASSETS</b>		<b>309,836</b>	<b>399,400</b>
<b>ACCUMULATED FUNDS</b>			
General funds – retained earnings	17	309,836	399,400
<b>TOTAL ACCUMULATED FUNDS</b>		<b>309,836</b>	<b>399,400</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	2015 \$	2014 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from donors		4,798,663	4,163,889
Interest received		10,732	27,335
Payment to suppliers and employees		(1,167,292)	(850,606)
Finance costs paid		(8,489)	(8,131)
Funding of global projects		(3,575,118)	(4,158,972)
<b>Net cash flows from/(used in) operating activities</b>	10	<u>58,496</u>	<u>(826,485)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(3,832)	(9,383)
Purchase of intangibles - Website Development		(6,908)	(5,001)
<b>Net cash flows used in investing activities</b>		<u>(10,740)</u>	<u>(14,384)</u>
Effects of foreign exchange rate changes on cash and cash equivalents		41,501	43,584
<b>Net increase/(decrease) in cash held</b>		89,257	(797,285)
Cash at beginning of financial year		1,141,869	1,939,154
<b>Cash at end of year</b>	9	<u>1,231,126</u>	<u>1,141,869</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	<b>General Funds</b> \$	<b>Total</b> \$
Accumulated funds at 1 January 2014	914,140	914,140
Comprehensive loss for the year	(514,740)	(514,740)
Accumulated funds at 31 December 2014	399,400	399,400
Comprehensive loss for the year	(89,564)	(89,564)
Accumulated funds at 31 December 2015	309,836	309,836

# Notes to the Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. CORPORATE INFORMATION

The financial report of The Hunger Project Australia Limited (the Company) for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 23 May 2016.

The Hunger Project Australia is a company limited by guarantee incorporated in Australia. The Company is a charitable organisation that contributes to funding and overseeing programs run by other Hunger Project organisations in overseas countries.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general purpose financial report and it has been prepared in accordance with the requirements of the Australian Charities and Not For Profit Commission Act (ACNC) Act, *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

#### (b) Statement of compliance

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Charities and Not For Profit Commission Act (ACNC), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Company applying not-for-profit specific requirements contained in the Australian Accounting Standards.

#### (c) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

#### *Accounting standards and interpretations issued but not yet effective*

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 31 December 2015. The Directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the company) and interpretations.

# Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### (i) Other income - interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### (ii) Fundraising – donations

Income from donations and appeals is recorded when it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

#### (e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified.

#### (g) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computers and software	33.33%
Office furniture and equipment	20 %

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

# Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Intangible Assets

The intangible asset of the company comprises the Company's website and is stated at cost.

The website has been amortised on a straight-line basis over the estimated useful life, which is currently determined to be 5 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### (i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

#### (j) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (k) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### *Employee leave benefits*

#### (i) *Wages, salaries, annual leave and personal leave*

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

#### (ii) *Long service leave*

The liability for long service leave is recognised 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

# Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (l) Income tax and other taxes

The Company is a registered charitable organisation and is exempt from income tax in accordance with section 23(e) of the Income Tax Assessment Act. It is also exempt from sales and capital gains taxes and state payroll tax. It is a GST registered entity.

#### *Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### (m) Project accruals

Project accruals represent an accrual for funds which the Company has received from investors which are owed to Epicentres, Country based programs or Sectoral programs. These programs are projects in developing countries for which the Company specifically seeks funding from investors.

#### (n) Services in kind

The measurable fair value of services in kind is disclosed as a separate note to the financial statements. The fair value of these services has been recognised in the results of the company's operations as donations and expenses in the financial year.

#### (o) Critical accounting estimates and judgements

The estimates and judgements incorporated into the financial report are based on historical results and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data from internal and external sources. The bases for all critical judgements and estimates have been disclosed in the foregoing statement of significant accounting policies.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

# Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Risk exposures and responses

##### *Credit Risk*

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments.

The Company only trades with recognised, creditworthy third parties and as such collateral are not requested nor it is the Company's policy to securitise its trade and other receivables.

Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

##### *Liquidity Risk*

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. All of the Company's financial assets and liabilities are expected to be settled within six months.

##### *Maturity analysis of financial assets and liabilities based on management's expectations*

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows.

Year ended 31 December 2015	<6 months \$	6-12 months \$	1-5 years \$	5 years \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents	1,231,126	-	-	-	1,231,126
Trade and other receivables	258,871	-	-	-	258,871
	1,489,997	-	-	-	1,489,997
<b>Financial Liabilities</b>					
Trade and other payables	116,714	-	-	-	116,714
	-	-	-	-	-
<b>Net Maturity</b>	1,373,283	-	-	-	1,373,283

##### *Fair Value*

The methods of estimating fair value are outlined in the relevant notes to the financial statements.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and

## Notes to the Financial Statements (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2015

conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### 5. SEGMENT INFORMATION

The Company operates predominately in one industry. The principal activity of the Company was that of a charity. The Company operates in Australia, and supports The Hunger Project programs in Africa, India and Bangladesh.

#### 6. REVENUE FROM CONTINUING OPERATIONS

	2015 \$	2014 \$
Fundraising - Donations	4,821,561	4,152,035
Donations -Services in kind contribution	219,025	152,063
<i>Other income</i>		
Interest revenue	10,732	27,335
Miscellaneous income	41,501	43,584
	<u>5,092,819</u>	<u>4,375,017</u>

Refer to Note 22 for details of services in kind  
Miscellaneous income relates to realised foreign exchange gains

#### 7. EXPENSES FROM CONTINUING OPERATIONS

##### Employee Benefits Expense

Salaries and wages	687,410	528,917
Superannuation	72,155	56,902
Employee leave expense	83,473	46,821
Staff training	2,086	344
Recruitment	1,474	750
Workers compensation costs	1,462	1,172
Staff Amenities	1,342	-
	<u>849,402</u>	<u>634,906</u>

#### 8. DEPRECIATION AND AMORTISATION

Property, Plant and Equipment		
Depreciation for the year	10,498	7,469
Intangible Asset		
Amortisation for the year	5,698	5,698
	<u>16,196</u>	<u>13,167</u>

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

## 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at bank and in hand	1,231,126	1,141,869

### Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

Cash at bank and in hand	1,231,126	1,141,869
	<u>1,231,126</u>	<u>1,141,869</u>

## 10. STATEMENT OF CASH FLOWS RECONCILIATION

### Reconciliation of net deficit after tax to net cash flows from operations

Net deficit	(89,564)	(514,740)
<i>Adjustments for:</i>		
Depreciation	10,498	7,469
Amortisation	5,698	5,698
<i>Changes in Assets and Liabilities</i>		
(Increase)/decrease in trade and other receivables	(22,898)	11,854
Increase in prepayments	(8,416)	(3,028)
Increase / (decrease) in trade payables	(7,282)	12,082
Increase / (decrease) in provisions	170,460	(345,820)
Net cash inflow/(outflow) from operating activities	<u>58,496</u>	<u>(826,485)</u>

Refer to note 22 for details of non-cash settled Services in kind.

## 11. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Other receivables	258,871	235,973
	<u>258,871</u>	<u>235,973</u>

## 12. CURRENT ASSETS – PREPAYMENTS

Prepayments	20,618	12,202
	<u>20,618</u>	<u>12,202</u>

## Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

## 13. NON-CURRENT ASSETS – PROPERTY, PLANT and EQUIPMENT

## Reconciliation of carrying amounts at the beginning and end of the period

	Office Furniture & Equipment \$	Computers \$	Total \$
<b>Year ended</b>			
<b>31 December 2015</b>			
At 1 January 2015 net of accumulated depreciation and impairment	279	20,400	20,679
Additions	-	3,832	3,832
Depreciation charge for the year	(279)	(10,219)	(10,498)
At 31 December 2015 net of accumulated depreciation and impairment	-	14,013	14,013
<b>At 31 December 2015</b>			
Cost	-	29,171	29,171
Accumulated depreciation and impairment	-	(15,158)	(15,158)
Net carrying amount	-	14,013	14,013
<b>Year ended</b>			
<b>31 December 2014</b>			
At 1 January 2014 net of accumulated depreciation and impairment	643	18,122	18,765
Additions	-	9,383	9,383
Depreciation charge for the year	(364)	(7,105)	(7,469)
At 31 December 2014 net of accumulated depreciation and impairment	279	20,400	20,679
<b>At 31 December 2014</b>			
Cost	1,820	48,860	50,680
Accumulated depreciation and impairment	(1,541)	(28,460)	(30,001)
Net carrying amount	279	20,400	20,679

## Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

## 14. INTANGIBLE ASSETS

## Reconciliation of carrying amounts at the beginning and end of the period

	Website Development Costs \$	Total \$
<b>Year ended</b>		
<b>31 December 2015</b>		
At 1 January 2015 net of accumulated amortisation and impairment	17,506	17,506
Additions	6,908	6,908
Amortisation charge for the year	(5,699)	(5,699)
At 31 December 2015 net of accumulated amortisation and impairment	<u>18,715</u>	<u>18,715</u>
<b>At 31 December 2015</b>		
Cost	40,401	40,401
Accumulated amortisation and impairment	(21,686)	(21,686)
Net carrying amount	<u>18,715</u>	<u>18,715</u>
<b>Year ended</b>		
<b>31 December 2014</b>		
At 1 January 2014 net of accumulated amortisation and impairment	18,204	18,204
Additions	5,000	5,000
Amortisation charge for the year	(5,698)	(5,698)
At 31 December 2014 net of accumulated amortisation and impairment	<u>17,506</u>	<u>17,506</u>
<b>At 31 December 2014</b>		
Cost	33,493	33,493
Accumulated amortisation and impairment	(15,987)	(15,987)
Net carrying amount	<u>17,506</u>	<u>17,506</u>

## 15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Trade payables	40,264	38,147
Other	31,450	40,849
Staff bonuses	45,000	45,000
Carrying amount of trade and other payables	<u>116,714</u>	<u>123,996</u>

## 16. CURRENT LIABILITIES - PROVISIONS

Long service leave	36,001	24,502
Annual leave	35,081	25,327
Project accruals	1,045,711	855,004
	<u>1,116,793</u>	<u>904,833</u>

# Notes to the Financial Statements (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2015

17. RETAINED EARNINGS AND RESERVES	2015	2014
	\$	\$
<b>Movements in retained earnings were as follows:</b>		
Balance 1 January	399,400	914,140
Net deficit for the year	(89,564)	(514,740)
Balance 31 December	<u>309,836</u>	<u>399,400</u>

## 18. RELATED PARTY TRANSACTIONS

### (a) Key Management Personnel Remuneration

Short Term	277,757	273,622
Total	<u>277,757</u>	<u>273,622</u>

### (b) Board of Directors

#### *Directors' Remuneration*

All Directors, excluding the Chief Executive Officer, provide their services on a voluntary basis.

#### *Reimbursement of Expenses to Directors*

Reimbursement of travel expenses	3,409	3,729
Total	<u>3,409</u>	<u>3,729</u>

#### *Monetary Donations made by Directors and their related entities to The Hunger Project*

Donations received	508,243	303,957
Total	<u>508,243</u>	<u>303,957</u>

## 19. COMMITMENTS

### Leasing commitments

#### *Operating lease commitments – Company as lessee*

The Company has entered into an agreement for the use of premises. The term of the agreement is for 12 months.

Future minimum payable 31 December are as follows::

Within one year	\$58,252	5,743
After more than one year		-
Total minimum lease payments	<u>\$58,252</u>	<u>5,743</u>

## 20. MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 31 December 2015, the number of members was 157 (2014: 147).

## Notes to the Financial Statements (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 21. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

#### 22. SERVICES IN KIND

During 2015 services worth a total \$219,025 (2014: \$152,063) were received as contributions in kind, and consist of the following:

	2015	2014
	\$	\$
- Audit services provided by Ernst & Young	30,900	30,900
- Staff training and development		
. HR Junction	-	2,000
. RSA Consulting	20,000	37,000
- Programme Facilitation		
. Other	17,000	63,000
- Recruitment		
. The Insight Group	5,000	19,163
Brand Design and Campaign		
. McCann World group	146,125	0
	219,025	152,063
	219,025	152,063

#### 23. BUSINESS DETAILS

The registered office and its principal place of business is:

THE HUNGER PROJECT AUSTRALIA  
Bulb, Level 3  
9-19 Elizabeth Street  
Sydney NSW 2000

At 31 December 2015, the business had 10 employees which equated to 8.6 full time equivalents (31 December 2014: 9 employees, equated to 7.4 full time equivalents).

The principal activity of the company during the course of the year was as a Charitable Organisation.

#### 24. ADDITIONAL INFORMATION - COMPLYING WITH ACFID CODE OF CONDUCT

The Hunger Project Australia Limited is a signatory to the Australian Council for International Development (ACFID) Code of Conduct, and as such has an obligation to provide the following supplementary information which demonstrates our adherence to the Code's financial standards.

The Summary Financial Reports have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct Guidance Document available at [www.acfid.asn.au](http://www.acfid.asn.au).

## Notes to the Financial Statements (continued)

### 24. ADDITIONAL INFORMATION (CONTINUED)

The Income Statement, Balance Sheet, Table of Cash Movements for Designated Purposes and Statement of Changes in Equity provided below, represent a true reflection of the financial accounts for this year.

#### FOR THE YEAR ENDED 31 DECEMBER 2015

The information contained in this supplement should be read in conjunction with the financial statements and accompanying notes on pages 6 to 22.

### Income Statement

	2015	2014
	\$	\$
<b>REVENUE</b>		
Donations and gifts		
• Monetary	3,337,981	3,235,067
• Non-monetary*	219,025	152,063
Bequests and Legacies		-
Grants		
• AusAID	-	-
• Other Australian^	1,483,580	916,968
• Other overseas	-	
Investment Income	10,732	27,335
Other Income	41,501	43,584
Revenue for International Political or Religious Proselytisation Programs	-	-
<b>TOTAL REVENUE</b>	<u>5,092,819</u>	<u>4,375,017</u>
<b>EXPENDITURE</b>		
International Aid and Development Programs Expenditure		
• Funds to international programs	(3,765,824)	(3,933,367)
• Program support costs	(167,009)	(77,302)
Community education	(302,816)	(184,314)
Fundraising costs		
• Public	(276,290)	(192,701)
• Government, multilateral and private	(165,872)	(115,349)
Accountability and Administration	(285,547)	(234,661)
Non-Monetary Expenditure*	(219,025)	(152,063)
<b>Total International Aid and Development Programs Expenditure</b>	<u>(5,182,383)</u>	<u>(4,889,757)</u>
Expenditure for International Political or Religious Proselytisation Programs		-
Domestic Programs Expenditure (Incl. Monetary & Non Monetary)		-
<b>TOTAL EXPENDITURE</b>	<u>(5,182,383)</u>	<u>(4,889,757)</u>
<b>Excess of expense over revenue from continuing operations</b>	<u>(89,564)</u>	<u>(514,740)</u>

\* Services in kind totalled \$219,025 (2014: \$152,063) and are disclosed in note 22 of the accompanying notes to the financial statements.

^ Includes grants sourced from all other Australian Institutions and other Australian organisations such as philanthropic organisations and corporate entities.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

## 24. ADDITIONAL INFORMATION (CONTINUED)

## Balance Sheet

	2015 \$	2014 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,231,126	1,141,869
Trade and other receivables	258,871	235,973
Inventories	-	-
Prepayments	20,618	12,202
Assets held for sale	-	-
Other financial assets	-	-
<b>Total Current Assets</b>	<b>1,510,615</b>	<b>1,390,044</b>
<b>Non-Current Assets</b>		
Trade and other receivables	-	-
Other financial assets	-	-
Property, plant and equipment	14,013	20,679
Investment property	-	-
Intangibles	18,715	17,506
Other non-current assets	-	-
<b>Total Non-Current Assets</b>	<b>32,728</b>	<b>38,185</b>
<b>TOTAL ASSETS</b>	<b>1,543,343</b>	<b>1,428,229</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	116,714	123,996
Borrowings	-	-
Current tax liabilities	-	-
Other financial liabilities	-	-
Provisions	1,116,793	904,833
Other	-	-
<b>Total Current Liabilities</b>	<b>1,233,507</b>	<b>1,028,829</b>
<b>Non-Current Liabilities</b>		
Borrowings	-	-
Other Financial Liabilities	-	-
Provisions	-	-
Other	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>1,233,507</b>	<b>1,028,829</b>
<b>NET ASSETS</b>	<b>309,836</b>	<b>399,400</b>
<b>EQUITY</b>		
Reserves	-	-
Retained earnings	309,836	399,400
<b>TOTAL EQUITY</b>	<b>309,836</b>	<b>399,400</b>

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 24. ADDITIONAL INFORMATION (CONTINUED)

#### Table of Cash Movements for Designated Purposes

	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at end of financial year
Total for other designated purposes*	749,664	2,184,916	(2,204,053)	730,527
Unleashed Womens' Leaders Initiative Burkina Faso Enterprise	167,124	253,000	(376,034)	44,090
	-	100,000	-	100,000
Total for non-designated purposes	225,077	2,271,479	(2,140,047)	356,509
<b>TOTAL</b>	<b>1,141,865</b>	<b>4,809,395</b>	<b>(4,720,134)</b>	<b>1,231,126</b>

\*Other designated purposes refer to fund raising for designated purposes that each generated less than 10% of total income for the period under review.

#### Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated	Retained Earnings \$	Reserves \$	Other \$	Total \$
<b>Balance at 31 December 2014</b>	399,400	-	-	399,400
Excess of revenue over expenses	(89,564)	-	-	(89,564)
Amount transferred to/(from) reserves	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>309,836</b>	<b>-</b>	<b>-</b>	<b>309,836</b>

## Notes to the Financial Statements (continued)

**FOR THE YEAR ENDED 31 DECEMBER 2015**

### **25. AUDITORS' REMUNERATION**

The auditor of The Hunger Project Australia Limited is Ernst & Young. Audit services are provided by Ernst & Young on a pro-bono basis. Remuneration for other non-audit services was \$3,090 (2014: \$3,000).

## Directors' Declaration

In accordance with a resolution of the directors of The Hunger Project Australia Limited, I state that:

1. In the opinion of the directors:
  - (a) The financial statements and notes of the company for the financial year ended 31 December 2015 are in accordance 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 31 December 2015 and its performance for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-Profits Commission Regulation 2013;
  - (b) The financial statements and notes also comply with International Financial Reporting Standards to the extent disclosed in Note 2 (b); and
  - (c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Diane Grady  
Director

Sydney  
23 May 2016



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Sydney NSW 2000 Australia  
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## **Independent auditor's report to the members of The Hunger Project Australia Limited**

### **Report on the financial report**

We have audited the accompanying financial report of The Hunger Project Australia Limited, which comprises the statement of financial position as at 31 December 2015, the statement of 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 including the Australian Council of International Development ("ACFID") income statement, ACFID Balance Sheet, ACFID table of cash movements for designated purposes and the directors' declaration.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Australian Charities and Not-for-Profits Commission Act 2012 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit we have complied with the independence requirements of the Australian Charities and Not-for-Profits Commission Act 2012. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.



## Opinion

In our opinion:

- a) In our opinion, the financial report of The Hunger Project Australia Limited is in accordance with 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 31 December 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards the Australian Charities and Not-for-Profits Commission Regulation 2013 .

### **Report on the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)***

We have audited the financial report as required by the *WA Charitable Collections Act (1946)*. 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 *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

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 the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

## Opinion

In our opinion:

- a) the financial report of The Hunger Project Australia Limited has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2015, in all material respects, in accordance with:
  - i the *WA Charitable Collections Act (1946)*; and
  - ii the *WA Charitable Collections Regulations (1947)*.
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 31 December 2015 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Meredith Scott  
Partner  
Sydney  
23 May 2016