

The Hunger Project Australia Limited

ABN 45 002 569 271



Annual Financial Report
for the year ended 31 December 2018

Contents

Directors' Report	2
Auditor's Independence Declaration	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Cash Flows	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12
Directors' Declaration	27
Independent Auditor's Report	28

Directors' Report

The Directors present this report on the Company for the financial year ended 31 December 2018.

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.

Names	Qualifications, experience and special responsibilities
<p>Diane Grady (Chairperson) (appointed 4 June 2010)</p>	<p>Diane Grady is on the Board of Directors of Macquarie Group, Grant Thornton and Tennis Australia. She is a member of the AICD NFP Chair's forum and Heads Over Heels Advisory Board.</p> <p>Diane was formerly a Director of Bluescope Steel, Woolworths Ltd, Goodman Group, Lend Lease Group, MLC, Wattyl and a Trustee of The Sydney Opera House Trust. Diane also previously was President of Chief Executive Women, Chairman of Ascham School, on the Senior Advisory Council of McKinsey & Company, a member the ASIC Business Consultative Panel, and the NSW Innovation and Productivity Council and a partner of McKinsey & 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 in order to improve organisational performance. She is passionate about co-creating possibility for individuals, groups, organisations and communities.</p> <p>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 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 Senior Partner in McKinsey & Company's Sydney office, and has been with McKinsey for 22 years. He has a particular passion for digitally-enabled transformation and organisational change, including the theme of leader-driven change. For many years he led 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 & 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>Steven Harker (appointed 1 January 2018)</p>	<p>Steve Harker BEc (Hons), LLB is a non executive Director at Westpac commencing March 2019.</p> <p>Steve is also a Director of The Banking and Finance Oath (BFO), a Governor of Ascham School (and serves as Treasurer), a Board member of the ASX Refinitiv Charity Foundation and The Hunger Project Australia.</p> <p>Prior to that Steve was Vice Chairman of Morgan Stanley from October 2016 to February 2019. He was Managing Director and Chief Executive Officer of Morgan Stanley Australia from 1998 to 2016. Before joining Morgan Stanley, Steve spent fifteen years with BZW. In 1996, he was transferred to London where he was promoted to Chief Executive of Global Equities and a Member of the BZW Global Management Committee.</p>

Directors' Report (continued)

<p>Christine Khor (appointed 15 November 2018)</p>	<p>Prior to joining BZW, Steve was a Research Officer and then National Organiser for the Federated Ironworkers' Association of Australia from 1979 to 1983 and Research Officer, Special Projects Section, with the Reserve Bank of Australia in 1979</p> <p>After 15 years in FMCG marketing working for organisations such as Hallmark Cards, Kraft Australia and Simplot, Christine realised her passion was in working with people and businesses to help them grow. In 2000, she began the business Market Partners which has evolved over the years to reach what it is now; Chorus Executive – a holistic Talent Management specialist offering recruitment, executive coaching, outplacement, leadership branding and employer branding services.</p> <p>At Chorus Executive, the focus is to assist individuals and businesses to reach their full potential. For the last 18 years, Christine has worked with a diverse range of businesses, from small start-ups to large multinationals.</p> <p>Christine holds a number of qualifications including Bachelor of Arts – Majoring in Psychology and Criminology, Post Graduate in Policy Studies, Master of Business Administration, a Post Graduate in Organisational Development and Executive Coaching and is an accredited LSI practitioner.</p> <p>Named a Telstra Business Woman of the year finalist, Christine is also the author of Hire Love – how to hire passionate people to make more profit, and in 2016 Christine Co- Founded www.peeplcoach.com – on demand career health and wellbeing platform.</p> <p>Debra Kwasnicki is a Partner with Sheldon Harris Consulting, specialising in Executive Search and Assessment. Earlier, Debra was a Partner at Russell Reynolds Associates, and served as an independent management consultant in the technology industry.</p>
<p>Debra Kwasnicki (appointed 22 June 2012)</p>	<p>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.</p> <p>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>
<p>Roger Massy-Greene (appointed 22 November 2010)</p>	<p>Roger Massy-Greene AM BSc, BE (Hons) (USyd), MBA (Harvard), FAICD FIE Aust is also a member of the global board of The Hunger Project. Roger is the principal shareholder and chairman of Eureka Capital Partners, a private investment company, and a director of Illawarra Coke Company, a related industrial land rehabilitation and development concern. He is also a director of OneVentures Pty Ltd, a technology venture capital firm.</p> <p>Roger previously served as the Chair of Ausgrid, Endeavour Energy and Essential Energy, having been appointed by the NSW government to oversee reform of the NSW electricity distribution sector. He co-founded the ASX 200 company Excel Coal Limited and its predecessor Resource Finance Corporation Ltd and served as Chair of Excel Coal until its acquisition by Peabody Energy.</p> <p>Roger is the President of the Cranbrook School Council and serves as Chair of Eureka Benevolent Foundation, a family foundation focused on overcoming socio-economic disadvantage.</p>

Directors' Report (continued)

NET SURPLUS/DEFICIT AFTER INCOME TAX

The deficit of the company for the financial year was \$59,137 (2017: surplus of \$60,435). This deficit occurred because of a strategic decision to increase the level of distribution to our purpose in program countries by 17 % (or \$653,149) when compared to 2018. This increase was funded by applying both retained earnings from the previous year and the increase in donation income (which increased by 5% compared to 2017).

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, raising funds in Australia for the purpose of programs run by other Hunger Project overseas organisations.

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.

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 \$3,018 (2017: \$2,964)

Directors' Report (continued)

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	5
Rachel Akehurst	5	5
Bruce Beeren	5	5
Deb Kwasnicki	4	5
Roger Massy-Greene	5	5
Simon Blackburn	3	5
Steven Harker	4	5
Christine Khor	2	2

Directors' Report (continued)

AUDITOR INDEPENDENCE

The Auditors' Independence Declaration for the year ended 31 December 2018 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:



Bruce Beeren
Director

Sydney
Date: 15 May, 2019



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

In relation to our audit of the financial report of The Hunger Project Australia Limited for the financial year ended 31 December 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Rob Lewis
Partner
15 May 2019

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 \$	2017 \$
Continuing Operations			
Fundraising – Donations		5,488,617	5,052,138
Other income		103,070	14,057
Revenue	6	<u>5,591,687</u>	<u>5,066,195</u>
Employee benefits expense	7	(1,216,120)	(1,101,747)
Costs of global projects		(3,753,236)	(3,100,087)
Travelling expenses		(133,902)	(114,287)
Telecommunications		(8,968)	(7,997)
Rent Expense		(114,733)	(87,074)
Depreciation and amortisation	8	(36,345)	(27,567)
Legal and consulting		(36,313)	(5,081)
Marketing costs		(33,179)	(14,841)
Direct mailing & distribution		(14,130)	(64,716)
Finance costs		(16,089)	(10,965)
Services in kind	22	(198,170)	(166,997)
Foreign exchange loss		-	(41,477)
Other expenses		(89,639)	(262,924)
Expenditure		<u>(5,650,824)</u>	<u>(5,005,760)</u>
Surplus / (Deficit) for the year		<u>(59,137)</u>	<u>60,435</u>
Income tax expense		-	-
Net surplus / (deficit) for the year		<u>(59,137)</u>	<u>60,435</u>
Other items of comprehensive income		-	-
Total comprehensive surplus / (deficit) for the year		<u>(59,137)</u>	<u>60,435</u>

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

Statement of Financial Position

AS AT 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,202,110	1,707,112
Trade and other receivables	11	275,041	237,912
Prepayments	12	16,843	21,698
TOTAL CURRENT ASSETS		2,493,994	1,966,722
NON-CURRENT ASSETS			
Property, plant and equipment	13	49,742	74,327
Intangible assets	14	10,713	15,526
TOTAL NON-CURRENT ASSETS		60,455	89,853
TOTAL ASSETS		2,554,449	2,056,575
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	15	207,857	133,862
Provisions	16	1,501,738	1,031,594
TOTAL CURRENT LIABILITIES		1,709,595	1,165,456
NON-CURRENT LIABILITIES			
Provisions	16	12,872	-
TOTAL NON-CURRENT LIABILITIES		12,872	-
TOTAL LIABILITIES		1,722,467	1,165,456
NET ASSETS		831,982	891,119
ACCUMULATED FUNDS			
Retained earnings	17	831,982	891,119
TOTAL ACCUMULATED FUNDS		831,982	891,119

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 2018

	NOTE	2018 \$	2017 \$
Cash Flows From Operating Activities			
Receipts from donors		5,253,317	5,057,198
Interest received		5,446	6,803
Payment to suppliers and employees		(1,548,179)	(1,646,075)
Finance costs paid		(16,089)	(11,385)
Funding of global projects		(3,290,175)	(3,064,256)
Net cash flows from/(used in) operating activities	10	<u>404,320</u>	<u>342,285</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(6,947)	(82,688)
Purchase of intangibles - Website Development		-	-
Net cash flows used in investing activities		<u>(6,947)</u>	<u>(82,688)</u>
Effects of foreign exchange rate changes on cash and cash equivalents		97,625	(41,477)
Net increase/(decrease) in cash held		494,998	218,120
Cash at beginning of financial year		<u>1,707,112</u>	<u>1,488,992</u>
Cash at end of year	9	<u>2,202,110</u>	<u>1,707,112</u>

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

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	Retained Earning \$	Total \$
Accumulated funds at 1 January 2017		830,684	830,684
Comprehensive surplus for the year		60,435	60,435
Accumulated funds at 31 December 2017		891,119	891,119
Comprehensive surplus for the year		(59,137)	(59,137)
Accumulated funds at 31 December 2018	17	831,982	831,982

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

The financial report of The Hunger Project Australia Limited (the Company) for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 15 May, 2019.

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, which has been prepared in accordance with the requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis and is presented in Australian dollar (\$).

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a not-for-profit entity which is not publicly accountable. Therefore, the financial statements for the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB – RDRs).

(c) New accounting standards and interpretations

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

The Company applied for the first time certain standards and amendments which are effective for annual periods beginning on or after 1 January 2017. The application of these standards had no impact in the financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 %

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

(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 fulfilment 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 2018	<6 months \$	6-12 months \$	1-5 years \$	5 years \$	Total \$
Financial Assets					
Cash and cash equivalents	2,202,110	-	-	-	2,202,110
Trade and other receivables	275,041	-	-	-	275,041
	2,477,151	-	-	-	2,477,151
Financial Liabilities					
Trade and other payables	207,857	-	-	-	207,857
Net Maturity	2,269,294	-	-	-	2,269,294

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 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 throughout Africa, India and Bangladesh.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

6. REVENUE FROM CONTINUING OPERATIONS

	2018 \$	2017 \$
Fundraising - Donations	5,290,446	4,885,141
Donations -Services in kind contribution	198,170	166,997
<i>Other income</i>		
Interest revenue	5,446	6,803
Miscellaneous income	97,625	7,254
	<u>5,591,687</u>	<u>5,066,195</u>

Refer to Note 22 for details of services in kind

7. EXPENSES FROM CONTINUING OPERATIONS

Employee Benefits Expense

Salaries and wages	1,005,846	912,904
Superannuation	102,753	86,216
Employee leave expense	95,883	95,874
Staff training	3,663	1,875
Recruitment	1,700	1,405
Workers compensation costs	2,478	1,800
Staff Amenities	3,797	1,673
	<u>1,216,120</u>	<u>1,101,747</u>

8. DEPRECIATION AND AMORTISATION

Property, Plant and Equipment		
Depreciation for the year	31,532	21,661
Intangible Asset		
Amortisation for the year	4,813	5,906
	<u>36,345</u>	<u>27,567</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash at bank and in hand – Committed to projects	1,351,146	860,624
Cash at bank and in hand - Unrestricted	850,964	846,488

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	2,202,110	1,707,112
	<u>2,202,110</u>	<u>1,707,112</u>

10. STATEMENT OF CASH FLOWS RECONCILIATION

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

Net surplus / (deficit)	(59,137)	60,435
<i>Adjustments for:</i>		
Depreciation	31,532	21,661
Amortisation	4,813	5,906
Effect of Foreign exchange gain or loss	(97,625)	41,477
<i>Changes in Assets and Liabilities</i>		
(Increase)/decrease in trade and other receivables	(37,129)	176,688
Increase in prepayments	4,855	57,807
Increase / (decrease) in trade payables	73,995	5,719
Increase / (decrease) in provisions	483,016	(27,404)
Net cash inflow/(outflow) from operating activities	<u>404,320</u>	<u>342,289</u>

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

11. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Other receivables - Committed to programs	176,797	130,500
Other receivables - Unrestricted funds	98,244	107,412
	<u>275,041</u>	<u>237,912</u>

12. CURRENT ASSETS – PREPAYMENTS

Prepayments	16,843	21,698
	<u>16,843</u>	<u>21,698</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 \$
Year ended 31 December 2018			
At 1 January 2018 net of accumulated depreciation and impairment	1,031	73,296	74,327
Additions	0	6,947	6,947
Depreciation charge for the year	(216)	(31,316)	(31,532)
At 31 December 2018 net of accumulated depreciation and impairment	815	48,927	49,742
At 31 December 2018			
Cost	1,080	123,479	124,559
Accumulated depreciation and impairment	(265)	(74,552)	(74,817)
Net carrying amount	815	48,927	49,742
Year ended 31 December 2017			
At 1 January 2017 net of accumulated depreciation and impairment	-	13,301	13,301
Additions	1,080	81,607	82,687
Depreciation charge for the year	(49)	(21,612)	(21,661)
At 31 December 2017 net of accumulated depreciation and impairment	1,031	73,296	74,327
At 31 December 2017			
Cost	1,080	116,532	117,612
Accumulated depreciation and impairment	(49)	(43,236)	(43,285)
Net carrying amount	1,031	73,296	74,327

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

14. INTANGIBLE ASSETS

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

	Website Development Costs \$	Total \$
Year ended		
31 December 2018		
At 1 January 2018 net of accumulated amortisation and impairment	15,526	15,526
Additions	-	-
Amortisation charge for the year	(4,813)	(4,813)
At 31 December 2018 net of accumulated amortisation and impairment	10,713	10,713
At 31 December 2018		
Cost	24,065	24,065
Accumulated amortisation and impairment	(13,352)	(13,352)
Net carrying amount	10,713	10,713
Year ended		
31 December 2017		
At 1 January 2017 net of accumulated amortisation and impairment	21,432	21,432
Additions	-	-
Amortisation charge for the year	(5,906)	(5,906)
At 31 December 2017 net of accumulated amortisation and impairment	15,526	15,526
At 31 December 2017		
Cost	24,065	52,558
Accumulated amortisation and impairment	(8,538)	(37,032)
Net carrying amount	15,526	15,526

15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade payables	62,254	40,109
Other	50,603	38,753
Staff bonuses	95,000	55,000
Carrying amount of trade and other payables	207,857	133,862

16. LIABILITIES - PROVISIONS

<i>Current Liabilities</i>		
Annual Leave	47,547	40,464
Project accruals	1,454,191	991,130
Total Current Liabilities	1,501,738	1,031,594
<i>Non Current Liabilities</i>		
Long Service Leave	12,872	-
Total Liabilities – Provisions	1,514,610	1,031,594

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

17. RETAINED EARNINGS AND RESERVES	2018	2017
	\$	\$

Movements in retained earnings were as follows:

Balance 1 January	891,119	830,684
Net surplus / (deficit) for the year	(59,137)	60,435
Balance 31 December	831,982	891,119

18. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Remuneration

Short Term	446,521	320,835
Total	446,521	320,835

(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	6,863	5,297
Total	6,863	5,297

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

Donations received	535,877	105,470
Total	535,877	105,470

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 3 years which terminates 12 October 2020.

Future minimum payable 31 December are as follows:

Within one year	104,693	100,667
After more than one year	84,609	189,302
Total minimum lease payments	189,302	289,969

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 2018, the number of members was 112 (2017: 118).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 services worth a total \$198,170 (2017: \$166,997) were received as contributions in kind, and consist of the following:

	2018	2017
	\$	\$
- Audit services provided by Ernst & Young	30,900	30,900
- Legal services	0	4,000
- Travel services provided by Travel Success	0	1,625
- Staff training and development		
· RSA Consulting	10,000	20,000
- Programme Facilitation	25,000	20,000
Brand Design and Campaign		
· McCann World group	19,050	43,410
Campaign PR & media	113,220	47,062
	198,170	166,997

23. BUSINESS DETAILS

The registered office and its principal place of business is:

THE HUNGER PROJECT AUSTRALIA
Level 7
104 Bathurst Street
Sydney NSW 2000

At 31 December 2018, the business had 12 employees which equated to 11.0 full time equivalents (31 December 2017: 11 employees, equated to 9.6 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

Although the Hunger Project Australia Limited is no longer a signatory to the Australian Council for International Development (ACFID) Code of Conduct (due to the significant increase in fees in 2018), the Summary Financial Reports have been prepared voluntarily 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.

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 2018

The information contained in this supplement should be read in conjunction with the financial statements and accompanying notes on pages 8 to 22.

Income Statement

	2018	2017
	\$	\$
REVENUE		
Donations and gifts		
• Monetary	3,338,473	3,605,168
• Non-monetary*	198,170	166,997
Bequests and Legacies		-
Grants		
• AusAID	-	-
• Other Australian^	1,951,973	1,279,973
• Other overseas	-	-
Investment Income	5,446	6,803
Other Income	97,625	7,254
Revenue for International Political or Religious Proselytisation Programs	-	-
	<hr/>	<hr/>
TOTAL REVENUE	5,591,687	5,066,195
EXPENDITURE		
International Aid and Development Programs Expenditure		
• Funds to international programs	(3,753,236)	(3,100,087)
• Program support costs	(385,254)	(237,672)
Community education	(432,051)	(598,675)
Fundraising costs		
• Public	(379,236)	(378,380)
• Government, multilateral and private	(128,774)	(199,131)
Accountability and Administration	(374,103)	(324,818)
Non-Monetary Expenditure*	(198,170)	(166,997)
Total International Aid and Development Programs Expenditure	<hr/>	<hr/>
Expenditure	(5,650,824)	(5,005,760)
Expenditure for International Political or Religious Proselytisation Programs		-
Domestic Programs Expenditure (Incl. Monetary & Non Monetary)		-
TOTAL EXPENDITURE	<hr/> (5,650,824)	<hr/> (5,005,760)
Excess of revenue over expense from continuing operations	(59,137)	60,435

* Services in kind totalled \$198,170 (2017: \$166,997) 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 2018

24. ADDITIONAL INFORMATION (CONTINUED)

Balance Sheet

	2018 \$	2017 \$
ASSETS		
Current Assets		
Cash and cash equivalents	2,202,110	1,707,112
Trade and other receivables	275,041	237,912
Inventories	-	-
Prepayments	16,843	21,698
Assets held for sale	-	-
Other financial assets	-	-
Total Current Assets	2,493,994	1,966,722
Non-Current Assets		
Trade and other receivables	-	-
Other financial assets	-	-
Property, plant and equipment	49,742	74,327
Investment property	-	-
Intangibles	10,713	15,526
Other non-current assets	-	-
Total Non-Current Assets	60,455	89,853
TOTAL ASSETS	2,554,449	2,056,575
LIABILITIES		
Current Liabilities		
Trade and other payables	207,857	133,862
Borrowings	-	-
Current tax liabilities	-	-
Other financial liabilities	-	-
Provisions	1,501,738	1,031,594
Other	-	-
Total Current Liabilities	1,709,595	1,165,456
Non-Current Liabilities		
Borrowings	-	-
Other Financial Liabilities	-	-
Provisions	12,872	-
Other	-	-
Total Non-Current Liabilities	12,872	-
TOTAL LIABILITIES	1,722,467	1,165,456
NET ASSETS	831,982	891,119
EQUITY		
Reserves	-	-
Retained earnings	831,982	891,119
TOTAL EQUITY	831,982	891,119

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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*	859,624	3,267,426	(2,775,910)	1,351,140
Unleashed Womens' Leaders	1,000	140,221	(141,221)	0
Total for non-designated purposes	846,488	1,843,351	(1,838,869)	850,970
TOTAL	1,707,112	5,250,998	(4,756,000)	2,202,110

*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 2018

Consolidated	Retained Earnings	Reserves \$	Other \$	Total \$
	\$			
Balance at 31 December 2017	891,119	-	-	891,119
Excess of revenue over expenses	(59,137)	-	-	(59,137)
Amount transferred to/(from) reserves	-	-	-	-
Balance at 31 December 2018	831,982	-	-	831,982

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 \$ nil (2017: \$ nil).

Directors' Declaration

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

(a) the financial statements and notes of the Company are 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 2018 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013; and

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

On behalf of the Board



Bruce Beeren
Director

Sydney
15 May, 2019

Independent Auditor's Report to the Members of The Hunger Project Australia Limited

Report on the Financial Report

Opinion

We have audited the financial report of The Hunger Project Australia Limited (the Company), which comprises the statement of financial position as at 31 December 2018, 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 (collectively “the ACFID Additional Information”) and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Company 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 2018 and of its financial performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013.
- b) the ACFID Additional information included in the accompanying financial report complies with the ACFID code of conduct.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company’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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor’s report.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and 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 Section 24(2) of the *NSW Charitable Fundraising Act 1991* and 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 *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and 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 Act(s) 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

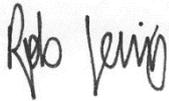
In our opinion:

- 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 2018, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
 - ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;
 - iii. the WA Charitable Collections Act (1946); and
 - iv. 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 2018 has been properly accounted for and applied, in all material respects, in accordance with the above-mentioned Act(s) and Regulations.



Ernst & Young



Rob Lewis
Partner
Sydney
15 May 2019