



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

ABN 75 090 528 500

## **General Purpose Financial Report 30 June 2020**

### **Contents**

Directors' Report	2
Covid Impacts & Risks Statement	7
Income Statement	8
Expenditure Statement	9
Statement of Changes in Equity	11
Statement of Financial Position	12
Statement of Cash Flows	13
Fundraising Ratios	14
Notes to the Financial Statements	15
Table of Cash Movements for Designated Purposes	25
Directors' Declaration	26
Auditor's Independence Declaration	27
Auditor's Report	28
Contact details and complaints policy	31

# DIRECTORS' REPORT

The Directors of the International Nepal Fellowship (Australia) Ltd (hereafter referred to as INF Australia) present their report made in accordance with a resolution of the Directors with respect to the year ended 30 June 2020.

## 1. Principal Activities

The principal activity of INF Australia during the last year was to support the work of INF Nepal and other Christian partner organisations to serve poor and marginalised people and communities in Nepal. This was done through raising awareness of the situation in Nepal and encouraging prayer for Nepali people; advocating to the Australian Government in support of Australia's bilateral aid program in Nepal; raising funds to support health and community empowerment projects in Nepal; and enabling Australian volunteers to serve in Nepal.

## 2. Financial Results and Review of Operations

Our accounts for the 2020 financial year show a surplus of \$22,205 (2019: deficit \$353,750. Expenditure directly related to our work in Nepal totaled \$882,179 (2019: \$1,402,252).

INF Australia met all project commitments to support community empowerment programs and health & disability programs implemented by our partners in Nepal.

Australian programs were directed towards outreach and engagement with churches and an Australian Christian constituency through events and education programs.

The novel coronavirus pandemic has caused significant disruption to program operations, both in Nepal and in Australia, and increased uncertainty around finances. These impacts are discussed more fully in a separate report.

### **Project funding and institutional capacity strengthening**

INF Australia's vision (shared with the other organisations in the global INF family) is for "life in all its fullness for Nepal's poor and marginalised people and communities". We consolidated support as a single external donor for INF Nepal in its Jumla District WEAL Program (Women's Empowerment and Livelihoods) and maintained support for Rolpa District EDUCATE Program (Economic Development of Underprivileged Communities through Agricultural and Technological Empowerment). Both programs operate in rural municipalities characterized by extreme poverty and disadvantage and aim to empower women and support improvements for the whole community in health, livelihoods, education and people's resilience in the face of disasters and climate change. INF Australia continues to support a number of small, but highly effective, Christian community development partner organisations based around Nepalgunj, Banke District.

INF Australia provides core operational funding to INF Nepal's Green Pastures Hospital and Rehabilitation Centre in Pokhara. We also began the first of a two year program to provide core operational funding to the leprosy program operating through INF Nepal's Shining Hospital Banke (SHB). This funding is intended to provide direct patient and community benefit in the face of rising transmission of leprosy, and support the consolidation and renewal of INF Nepal's leprosy program, with SHB as its strategic and operational centre.

INF Australia places a high value on the strengthening of partner organisation capacity and supports a number of key technical support and advisory roles within INF Nepal, including a gender officer and a climate change adaptation officer. The gender officer engages across INF Nepal's projects through the POWER Project (Promotion of Women's Empowerment and Rights Targeting Rural Women), providing additional activities and targets focused on awareness-raising and empowering among women in rural communities.

INF Australia receives support from the Australian Government through the Australia NGO Cooperation Program for the work we undertake in Jumla, Rolpa and the POWER Project.

In addition, we engaged private donors to support two infrastructure and program development projects – the construction within the Green Pastures Hospital complex of accommodation for medical staff and visiting specialists at Green Pastures, and of an aged care centre at Nayagaun Church, a registered charity in Pokhara which maintains close personal and organisational links with INF Nepal.

### **Volunteer services**

As well as sending funds to support partner organisations, INF Australia enables Australian volunteers to serve in Nepal, using their professional skills, gifts and experience to support the work of partner organisations. Through the year, INF Australia has supported five individuals, couples or families serving in Nepal as teachers, leprosy and public health specialists, and in financial and accounting support.

We have sought to recognise to the value of non-financial contribution of these volunteers in our accounts, comparing what they might earn in Australia to the volunteer allowances they receive in Nepal. Our aim is always to strengthen local organisations, leadership and capacity, and we expect that the growing number of Nepali professionals in all areas will mean, over time, that there is less need for expatriates. The impact of COVID-19 on international travel and on Australians living overseas is also contributing to a reduction in the number of volunteers we support in the immediate future. However, these roles represent a considerable commitment on the part of the volunteers and real value for money for technical advice, support and training

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## DIRECTORS' REPORT *(continued)*

### 3. Objectives and Strategies

The company's short term objectives are to:

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

The company's long term objectives are to:

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

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

- 1) Being an effective partner, by:
  - a) reliably supporting INF Nepal and other partner organisations that share our vision and values;
  - b) demonstrating impact of our work;
  - c) working increasingly to influence Australian policy and public attitudes.
- 2) Nurturing deeper fellowship through:
  - a) building authentic relationships that connect churches and communities in Australia and Nepal;
  - b) challenging and equipping Australian Christians to make personally significant and holistic responses to poverty and injustice.
- 3) Strengthening organisational learning through:
  - a) intentionally developing the processes, habits and relationships to learn, reflect and respond rapidly in a changing environment;
  - b) facilitating sharing and utilisation of expertise, insight, energy and engagement across an empowered volunteer network.

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## DIRECTORS' REPORT *(continued)*

### 4. Likely Developments

INF Australia is required to seek reaccreditation with the Department of Foreign Affairs and Trade (DFAT) in 2021. Currently, we are accredited at "base" level, which both allows us to receive a relatively modest level of annual funding from the Commonwealth Government (\$150,000) and requires us to demonstrate a certain level of governance, accountability and effectiveness. In the coming year, INF Australia intends to seek "full" accreditation with DFAT, which will increase the funding available from the Commonwealth and will require development and strengthening of our some of our strategic, human resource, partnership and risk management processes.

Likely impacts of the novel coronavirus pandemic are discussed more fully in a separate report.

### 5. Director's Benefits

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

### 6. Director's Indemnity Insurance

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

### 7. Director's Details

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

<b>Ravi Underwood (Chair)</b>	Accountant, Chair, Director for 2 years;
<b>Richard Groves</b>	Risk Management Consultant, Director for 8 years;
<b>Rudra Paudel</b>	Business Owner, Director for 5 years;
<b>Matthew Johnson</b>	Accountant, Treasurer, Director for 5 years;
<b>Kerrie Worboys</b>	Retired Pharmacist and INF worker, Director for 5 years;
<b>William Hood</b>	IT professional, Director for 3.5 years;
<b>Catherine Clark</b>	Medical doctor, Director for 3.5 years;
<b>Nicole McGunnigle</b>	Environmental Geologist, Director for 3 years;
<b>Richard Reeve</b>	Church Leader / Accountant, Director for 2 years.

There were a total of **four (4)** Directors meetings held during the financial year.

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

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

The company is incorporated under the Corporations Act 1991 and is a company limited by guarantee. If the company is wound up, the constitution states that each Member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. As at 30 June 2019, there were 96 members and therefore the total amount that Members of the company are liable to contribute if the company is wound up is \$960.

## **9. Auditors Independence Declaration**

A copy of the auditor's independence declaration is set out on the following page.

On behalf of the Board,



Ravi Underwood  
Chair of the Board

Chatswood  
28/09/2020

## **MATERIAL IMPACTS AND RISKS OF COVID-19 ON INF AUSTRALIA'S OPERATIONS**

The novel coronavirus pandemic has had, and will continue to have material financial impact on the operations of INF Australia. Not all of these impacts are negative. Major impacts and risks are outlined below.

1. Realised reductions in donation income – offset by additional State and Commonwealth Government support and by increased donation income in June 2020.

INF Australia qualified for Jobkeeper support in May 2020, after seeing a 15% reduction in donation income on the previous year's May results. We had been unable to qualify in March or April 2020, as income had not dropped by an amount equal to or more than the 15% threshold. ATO Cash Flow Boost and Jobkeeper wages subsidy payments, along with increased donations in June ensured that INFA achieved a small surplus, instead of a small projected deficit, and was not required to draw on general reserves for operational funding in 2019–20.

We anticipate that a trend towards lower donations will continue in 2020–21 due to global economic uncertainty and economic downturn in Australia.

INF Australia has identified additional fundraising approaches suitable to current conditions and has developed budget contingencies and trigger indicators that are actively monitored by executive and board to determine if and when cost-savings measures should be introduced.

2. Potential reduction of income (as well as related expenses) through reduced numbers of volunteers serving in Nepal because of COVID-19.

COVID-19 did not directly limit or cut short the number of existing volunteers serving in Nepal during 2019–20 and income raised in support of these workers remained steady and met budget projections throughout the financial year.

Reduction in income associated with reduced numbers of volunteers being supported by INF Australia to work in Nepal has already been factored in to INF Australia's 2020–21 budget, so no adverse effect is anticipated due to COVID-19.

3. Changes in costs and activities relating to project monitoring and evaluation and compliance measures.

Several activities for field monitoring and partnership evaluation which would normally be undertaken in person by INF Australia staff, were not undertaken during 2019–20 due to COVID-19 travel restrictions. To ensure compliance with our own commitment to transparency and accountability, as well as external compliance obligations, INF Australia is organizing alternative ways, including online conferencing and by contracting local auditors and reviewers.

Additional costs for contractors are not likely to exceed originally budgeted costs for field monitoring visits.

4. INF Australia has no substantial debts and COVID-19 poses no risk to our ability to pay suppliers.

5. COVID-19 may limit the scope and impact of INF Australia's investments in community transformation and human development outcomes.

A significant risk relates to the effectiveness of INF Australia supported programs in Nepal. Project activities were halted for a period of three months by order of the Government of Nepal, as it engineered a strict social and economic lockdown to manage the pandemic from March through to May 2019. As a result, most INF Australia-supported projects, understandably, reported underspending of funds and underachievement of project targets against agreed budgets and plans in 2019–20.

Projects have been asked to recast plans and budgets to align with the Department of Foreign Affairs and Trade's Partnerships For Recovery (PFR) aid policy, particularly to respond to the health and economic challenges posed to people and communities by COVID-19. In most cases, this has not resulted in substantive changes to project design and implementation, as health and hygiene education and support, as well as livelihood development and support, are already strong features of our community empowerment programs. Our major partner, INF Nepal, is also well placed to respond to COVID-19 through its three hospitals in Nepal's West.

However, with ongoing and accelerating community transmission, bringing about strain on health and administration systems, and also engendering fear and stigma in the community, some projects will face increased risks that planned community outcomes and human development improvements will not be fully achieved. Changes to project methodologies to incorporate COVID-safe practices also entail additional costs in most cases – such as meeting with smaller groups, providing masks, soap and handwashing facilities for all groups, and so on.

Ultimately, this potential effectiveness and value-for-money impact on the projects INF Australia supports in Nepal must be assessed against changed expectations of what reasonable program operations and acceptable achievements look like during a global pandemic.



**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 June 2020**

	Notes	2020		Total	2019		Total
		General Support	Designated Support		General Support	Designated Support	
<b>Revenue</b>							
Donations and Gifts:							
Monetary		247,932	667,318	915,250	115,601	640,291	755,892
Non-Monetary	9	13,514	480,951	494,465	10,472	371,450	381,922
				-			-
Bequests and Legacies		30,000	50,000	80,000	42,243	-	42,243
				-			-
Grants:							
Department of Foreign Affairs and Trade		15,000	135,000	150,000	26,000	124,000	150,000
Other Australian Grants		15,000		15,000	100,000	50,000	150,000
				-			-
Interest Income		6,334	1,900	8,235	1,045	5,716	6,760
Project Management Fees		-	-	-	38,543	-	38,543
Volunteer Program Contributions		-	-	-	35,846	-	35,846
Other Income		36,309	31,863	68,172	2,846	-	2,848
		<b>\$364,090</b>	<b>\$1,367,032</b>	<b>\$1,731,122</b>	<b>\$372,598</b>	<b>\$1,191,457</b>	<b>\$1,564,055</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 June 2020**

	Notes	2020			2019		
		General Support	Designated Support	Total	General Support	Designated Support	Total
<b>Expenditure</b>							
International Programs							
- funds to development programs		-	503,505	503,545	-	572,667	572,667
- funds to welfare and service programs		-	364,862	364,862	-	484,802	484,802
- personal gifts to workers in Nepal		-	-	-	-	-	-
- program support costs		114,659	-	114,659	146,084	-	146,084
		<b>114,659</b>	<b>868,366</b>	<b>983,025</b>	<b>146,084</b>	<b>1,057,470</b>	<b>1,203,553</b>
Community Education	10	41,834	-	41,834	50,653	-	50,653
Fundraising Costs – public		44,135	-	44,135	46,909	-	46,909
Fundraising Costs – government		5,118	-	5,118	6,734	-	6,734
Accountability and Administration		88,832	-	88,832	151,552	-	151,552
Non-Monetary Expenditure	9	13,514	480,951	494,465	10,472	371,450	381,922
<b>Total International Aid and Development Programs Expenditure</b>		<b>308,092</b>	<b>1,349,317</b>	<b>1,657,409</b>	<b>412,405</b>	<b>1,428,920</b>	<b>1,841,324</b>
Domestic Programs Expenditure		38,709	12,798	51,507	51,080	25,401	76,481
<b>Total Expenditure</b>		<b>\$346,801</b>	<b>\$1,362,115</b>	<b>\$1,708,916</b>	<b>\$463,485</b>	<b>\$1,428,920</b>	<b>\$1,841,324</b>
<b>Excess of revenue over expenditure</b>		<b>\$17,289</b>	<b>\$4,917</b>	<b>\$22,206</b>	<b>(\$90,886)</b>	<b>(\$262,863)</b>	<b>(\$353,750)</b>
Other Comprehensive income		-	-	-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>\$17,289</b>	<b>\$4,917</b>	<b>\$22,206</b>	<b>(\$90,886)</b>	<b>(\$262,863)</b>	<b>(\$353,750)</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 June 2020**

	<b>General Fund</b>	<b>Designated Funds</b>	<b>Total Equity</b>
<b>Balance at 30 June 2018</b>	<b>\$530,188</b>	<b>\$637,557</b>	<b>\$1,167,745</b>
Excess of expenses over revenue	(83,257)	(262,863)	(346,120)
Other amounts transferred to/(from) reserves	(94,117)	94,117	
<b>Balance at 30 June 2019</b>	<b>\$352,813</b>	<b>\$468,811</b>	<b>\$821,625</b>
<b>Balance at 30 June 2019</b>	<b>352,813</b>	<b>\$468,811</b>	<b>\$821,625</b>
Excess of expenses over revenue	17,289	4,917	22,205
Other amounts transferred to/(from) reserves	100	604,195	604,295
<b>Balance at 30 June 2020</b>	<b>\$370,202</b>	<b>\$1077,923</b>	<b>\$1,448,125</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 June 2020**

	Notes	2020	2019
<b>Current Assets</b>			
Cash and Cash Equivalents	3	1,201,458	850,496
Trade and Other Receivables		15,363	14,405
Inventories		1,720	1,698
Current Tax Assets		-	-
Other Current Assets		12,000	-
Other Financial Assets – prepayments		242,011	37,014
<b>Total Current Assets</b>		<b>\$1,472,552</b>	<b>\$903,612</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	18,118	15,983
Less Accumulated Depreciation		(16,695)	(15,782)
Intangible Assets		8,775	
Less Accumulated Depreciation		(2,295)	
<b>Total Non-Current Assets</b>		<b>\$7,273</b>	<b>\$201</b>
<b>Total Assets</b>		<b>\$1,479,825</b>	<b>\$903,813</b>
<b>Current Liabilities</b>			
Trade and Other Payables	6	-	20,519
Current Tax Liabilities	7	2,198	6,441
Current Provisions	5	19,383	32,735
<b>Total Current Liabilities</b>		<b>\$21,581</b>	<b>\$59,695</b>
Non-Current Provisions	5	10,119	22,494
<b>Total Non-Current Liabilities</b>		<b>\$10,119</b>	<b>\$22,494</b>
<b>Total Liabilities</b>		<b>\$31,700</b>	<b>\$82,189</b>
<b>Net Assets</b>		<b>\$1,448,125</b>	<b>\$821,624</b>
<b>Accumulated Funds and Reserves</b>			
General Fund		370,202	352,813
Designated funds		1,077,923	468,811
<b>Total Funds</b>		<b>\$1,448,125</b>	<b>\$821,624</b>

# THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD

## STATEMENT OF CASH FLOWS AS AT 30 June 2020

	Notes	2020	2019
<b>Cash flows from operating activities:</b>			
Receipts from supporters		1,714,991	1,210,630
Receipts from DFAT		150,000	150,000
Interest received		8,235	6,760
		1,873,226	1,367,390
Payments to suppliers and employees		(585,691)	(510,723)
Payments for designated projects		(936,574)	(1,209,146)
		(1,522,265)	(1,719,869)
Net cash flow to operating activities	4	350,961	(352,478)
<b>Cash flows from investing activities</b>			
Loan to employees			
Net cash flow from investing activities		-	-
<b>Net cash increase/(decrease) for the year</b>		<b>350,961</b>	<b>(352,478)</b>
Cash at the beginning of the year		850,496	1,202,974
<b>Cash at the end of the year</b>		<b>\$1,201,457</b>	<b>\$850,496</b>

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

## THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD FUNDRAISING RATIOS AS AT 30 June 2020

The following information is disclosed in accordance with the NSW Charitable Fundraising Act. Charitable fundraising license number 17644, expiry 6/12/2020.

	<b>2020</b>		<b>2019</b>	
Total Costs of Fundraising	<u>\$49,253</u>	5%	<u>\$53,644</u>	4%
Gross Income from Fundraising	<u>\$995,250</u>		<u>\$1,196,878</u>	
<i>* Of what comes in from public donated sources, we spend 5% on fundraising.</i>				
Net Surplus from Fundraising	<u>\$945,997</u>	95%	<u>\$1,143,234</u>	96%
Gross Income from Fundraising	<u>\$995,250</u>		<u>\$1,196,878</u>	
<i>* Of all donations received from the public, we use 95% in serving the people of Nepal.</i>				
Total Cost of Services	<u>\$1,557,316</u>	91%	<u>\$2,021,518</u>	90%
Total Expenditure	<u>\$1,708,916</u>		<u>\$2,235,425</u>	
<i>* 91% of all costs are directly incurred in aiding Nepal projects and programmes.</i>				
Total Cost of Services	<u>\$1,557,316</u>	90%	<u>\$2,021,518</u>	107%
Total Income Received	<u>\$1,731,122</u>		<u>\$1,889,304</u>	
<i>* 100% of all income received are directly assisting Nepal projects and programmes</i>				

## **1. Basis of Preparation**

### **1.1 Basis of preparation**

The International Nepal Fellowship (Australia) Ltd (the “Company”) is a company limited by guarantee, incorporated and domiciled in Australia. The registered office of the Company is 1 View Street, Chatswood, NSW. The Company is a non-for-profit entity serving poor and marginalised communities in Nepal. This was done through raising awareness of the situation in Nepal and encouraging prayer for Nepali people; raising funds to support projects addressing their needs, and enabling Australian volunteers to serve in Nepal.

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

### **1.2 Functional and presentation currency**

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

## **2. Significant Accounting Policies**

### **2.1 Overall considerations**

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

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

### **2.2 Revenue**

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

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

will be deferred until those conditions are satisfied.

- iii) Interest  
Interest is recognised when received/receivable.

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

### **2.3 Cash and cash equivalents**

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

### **2.4 Property, Plant and Equipment**

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

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

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

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

### **2.5 Employee benefits**

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

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



amounts must be classified as current liabilities since INF Australia does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

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

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

#### *i. Wages and salaries*

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

#### *ii. Annual Leave*

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

#### *iii. Long service leave*

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

#### *iv. Superannuation*

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

## **2.6 Financial Instruments**

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

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

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

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

### *Loans and receivables*

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

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairments in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

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

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

## **2.8 Goods and Services (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## **2.9 Income Tax**

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

## **2.10 Reserves**

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

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

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

### *Estimation uncertainty*

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

### *Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### *Useful lives of depreciable assets*

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

### *Long Service Leave*

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

## **2.12 Going concern**

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

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

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

	<b>2020</b>	<b>2019</b>
Cash at bank	230,618	387,635
Cash on short term investments	970,840	462,861
<b>Total Cash and Cash Equivalents</b>	<b>\$1,201,458</b>	<b>\$850,496</b>

**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2020**

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

	<b>2020</b>	<b>2019</b>
Surplus /(deficit) from ordinary activities	22,205	(346,121)
Change in Operating Assets & Liabilities:		
Decrease/(increase) in inventories	(22)	(1,452)
(Increase)/decrease in other financial assets	(204,998)	(36,717)
Decrease/(increase) in non-current assets	(7,072)	2,115
Decrease/(increase) in other assets	(12,000)	1,475
Decrease/(increase) in Trade and Other Receivables	(958)	(4,514)
Increase/(decrease) in payables	(20,519)	(946)
Increase/(decrease) in current tax liabilities	(4,243)	1,499
(Decrease)/increase in other current liabilities	(13,352)	24,490
(Decrease)/increase in non-current liabilities	(12,375)	7,693
Increase/(decrease) in retained earnings (opening balance adjustments)	604,962	
<b>Net Cash from/(Used In) Operating Activities</b>	<b>\$360,962</b>	<b>(\$352,478)</b>

## 5. Other Financial Assets

In order to facilitate program continuity over the year end period and minimise the impacts of foreign exchange movements, 50% of funds were transferred to INF International in the financial year ended June 2020, to be held on INF Australia's behalf in Nepalese Rupees. This payment has been separated in the accounts and included under other financial assets in the current financial year.

## 6. Provisions

Provision amounts in the balance sheet is represented by:

	2020	2019
<i>Current</i>		
Annual leave	19,383	32,735
Long service leave	-	-
	<b>\$19,383</b>	<b>\$32,735</b>
	2020	2019
<i>Non-current</i>		
Long Service leave	10,119	22,494
<b>Total Provisions</b>	<b>\$29,502</b>	<b>\$55,229</b>

## 7. Trade and other payables

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

	2020	2019
Accounts payable	-	8,862
Other short term liabilities	-	-
Employment liabilities	-	11,657
<b>Total Trade and other payables</b>	<b>-</b>	<b>20,519</b>

## 8. Tax liabilities

Tax liabilities in the balance sheet is represented by:

	2020	2019
GST asset/(liability)	(1,040)	(605)
PAYG withheld	3,238	7,046
<b>Total Tax Liabilities</b>	<b>2,198</b>	<b>6,441</b>

## 9. Property, plant and equipment

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

	WDV* at 1/07/2019	Additions/ Transfers	Disposals/ Write-offs	Depreciation	WDV at 30/06/2020
Computer hardware	201	1,934	-	(712)	1,423
Intangible Assets	-	8,775	-	(2,925)	5,850
	201	10,709	-	(3,637)	7,273

\*WDV = written down value

## 10. Non-monetary gifts and donations

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

During the year ended 30 June 2020, 438 volunteer hours were provided to INF Australia at a commercial value of \$13,514.

In addition, INF Australia seeks to demonstrate the value of the non-financial contribution provided by INF Australia’s volunteers in Nepal who serve in technical advisory and training roles. This has been calculated by comparing an estimate of their earning power in Australia to the volunteer allowance they receive in Nepal, and is summarised in the table below.

	2020	2019
Non-financial contribution in Australia	\$13,514	\$11,368
Non-financial contribution in Nepal	\$480,951	\$371,450
Total	\$494,465	\$382,818

## 11. Community Education

Community education expenditures includes all costs related to informing and educating the Australian community of, and inviting their active involvement in global justice, development and humanitarian issues. This includes the costs of research, producing and distributing materials, the cost of conducting educational campaigns and the cost of personnel involved in these activities.

## 12. Other Australian Grants

A corporate grant of \$150,000 was received in the financial year ended 30 June 2020 as a general grant to partially fund the Finance Manager position.

### **13. Members Guarantee**

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

### **14. Contingencies**

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

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

Auditor's remuneration for the year ending 30 June 2020 was \$1,500 (2019: \$1,200). The audit report is prepared by Lawrence Green of Shedden & Green – Accountants and Advisors.

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

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

### **17. Contingent liabilities**

There have been no contingent liabilities incurred by the Company for the years 2019 and 2020.

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

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

### **19. Key Management Personnel Compensation & Other Related Party Transactions**

Key Management Personnel received remuneration of \$139,115 from INF Australia.

INF Australia engaged in no transactions with other related parties.

### **20. Prior Period Errors**

Management have identified prior period error in the Monetary Income and Expenditure – Funds to Development Programs line in the Statement of Profit and Loss and Other Comprehensive Income for the period ended 30 June 2019. Per the Australian Accounting Standard Board (AASB) pronouncement 108.42, material prior period errors shall be retrospectively corrected in the first set of financial statements authorised for issue after their discovery. In accordance with this pronouncement we have retrospectively adjusted these Profit and Loss lines as follows:

- Revenue – Monetary Income restatement: \$640,291 (previously stated as \$959,673)

- Expenditure – Funds to Development Programs restatement: \$572,667 (previously stated as \$892, 049)

The error occurred due to the double counting of movements in the Designated Reserve accounts. This error resulted in a decrease in Total Revenue and Total Expenditure to the value of \$319,382. The net result in a \$nil movement in Total Comprehensive Income and Total Equity in the Statement of Changes in Equity and Statement of Financial Position for the Year Ended 30 June 2019. These changes have been reflected in 30 June 2019 comparative numbers in the Statement of Profit and Loss and Other Comprehensive Income.



**THE INTERNATIONAL NEPAL FELLOWSHIP (AUSTRALIA) LTD  
TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES  
FOR THE YEAR ENDED 30 JUNE 2020**

<b>DESIGNATED SUPPORT</b>	<b>Available at start of year</b>	<b>Raised during year</b>	<b>Disbursed during year</b>	<b>Available at end of year</b>
	\$	\$	\$	\$
<b>Domestic projects</b>	9,980	14,120	(13,698)	10,402
<b>Development</b>				
Community Health and Development	18,149	376,809	(394,959)	0
Disaster Relief	19,203	6,280	(4,250)	21,233
Volunteers	63,775	95,415	(133,115)	26,075
<b>Service</b>				
Healthcare	10,423	12,950	(8,072)	15,301
Disaster Relief	-	-	-	-
Other projects	436	-	(436)	0
Volunteers	7,968	-	-	7,968
<b>Welfare</b>				
Healthcare	59,391	225,925	(242,202)	43,114
Other Projects	1,121	46,279	(47,400)	0
Volunteers	117,128	107,435	(92,443)	132,119
<b>Total Designated Support</b>	<b>307,574</b>	<b>885,213</b>	<b>(936,574)</b>	<b>256,213</b>
Memorial Fund	80,575	-	-	80,575
Development Fund	82,529	-	-	82,529
General Funds	379,818	988,013	(585,691)	782,140
<b>CASH TOTAL</b>	<b>850,496</b>	<b>1,873,226</b>	<b>(1,522,265)</b>	<b>1,201,457</b>

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

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

- i) Giving a true and fair view of the financial position as at 30 June 2020 and of its performance for the financial year ended on that date.
- ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting interpretations); and the Australian Charities and Not-for-Profits Commission Regulation 2013.
- iii) There are reasonable grounds to believe that The International Nepal Fellowship (Australia) Ltd will be able to pay its debts as and when they become due and payable.
- iv) The provisions of the Charitable Fundraising Act 1991 and the conditions attached to the Authority to Fundraise have been complied with.
- v) Internal Controls exercised by the Organisation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

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

On behalf of the board



Ravi Underwood  
Chair of the Board

Chatswood  
16/09/2020



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

26 September 2020

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

### Independence of the Auditors

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully

Lawrence R Green FCA

---

Phone: (02) 9540 1944

Level 3 - Suite 28  
19-21 Central Road  
MIRANDA NSW 2228

PO Box 142  
MIRANDA 1490

Email: [sheddenandgreen@bigpond.com](mailto:sheddenandgreen@bigpond.com)

*Liability limited by a scheme approved under Professional Standards Legislation*



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

### INDEPENDENT AUDIT REPORT

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

#### Opinion

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

- (1) has been prepared in accordance with Division 60 of the Australian Charities and Not For Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Company's financial position as at 30<sup>th</sup> June 2020 and of its financial performance and cash flows for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and Division 60 of the Australian Charities and Not For Profits Commission Regulation 2013.
- (2) The financial reports and associated records have been properly kept in accordance with the Charitable Fundraising Act and its regulations.
- (3) Monies received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the NSW Charitable Fundraising Act and its regulations.

#### Basis for opinion

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

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

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

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation of the financial report is appropriate to meet the requirements of the ACNC Act, the requirements of ACFID and the Company's Constitution and the needs of the members. The responsible entities'

Phone: (02) 9540 1944

Level 3 - Suite 28  
19-21 Central Road  
MIRANDA NSW 2228

PO Box 142  
MIRANDA 1490

Email: [sheddenandgreen@bigpond.com](mailto:sheddenandgreen@bigpond.com)

*Liability limited by a scheme approved under Professional Standards Legislation*

responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

We also:

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

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

Shedden and Green Partners  
Lawrence R Green FCA – Partner



26 September 2020

Page left blank

Page left blank



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



AUSTRALIAN  
COUNCIL  
FOR  
INTERNATIONAL  
DEVELOPMENT

The International Nepal Fellowship (Australia) Limited is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct.

The Code requires members to meet high standards of corporate governance, public accountability and financial management.

ACFID monitors compliance with the Code and offers a mechanism to address concerns relating to signatories' conduct. More information about the ACFID Code of Conduct can be obtained from The International Nepal Fellowship (Australia) Limited or from ACFID at:

[www.acfid.asn.au](http://www.acfid.asn.au) / [code@acfid.asn.au](mailto:code@acfid.asn.au) / (02) 6285 1816

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

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



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

**INF Australia**  
PO Box 5400,  
West Chatswood,  
NSW 1515

**T** (02) 9411 1195

**E** [ausoffice@au.inf.org](mailto:ausoffice@au.inf.org)

[www.inf.org.au](http://www.inf.org.au)

[www.inf.org/facebook](https://www.facebook.com/inf.org.au)