

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Financial Statements

For the Year Ended 30 June 2021

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Contents

For the Year Ended 30 June 2021

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Responsible Persons' Declaration	20
Independent Audit Report	21

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Directors' Report

30 June 2021

The directors present their report on International Nepal Fellowship (Australia) Limited for the financial year ended 30 June 2021.

Directors

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

Names	Position/Career	Years of service / Attendances
Ravi Underwood	Director (Chair) / Accountant	3 / (5)
Richard Groves	Director / Risk Management Consultant	9 / (4)
Rudra Paudel	Director / Business Owner	6 / (5)
Matthew Johnson	Director / Accountant, former treasurer	5.5, resigned 6/2/2021 / (2)
Kerrie Worboys	Director / Retired Pharmacist and INF worker	6 / (5)
William Hood	Director (Deputy Chair) / IT professional	4.5 / (5)
Catherine Clark	Director / Medical doctor	4.5 / (5)
Nicole McGunnigle	Director / Environmental Geologist	4 / (5)
Richard Reeve	Director (new Treasurer) / Church Leader, accountant,	3 / (5)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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

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.

Principal activities and significant changes in nature of 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 and COVID-19 response in Nepal; raising funds to support health and community empowerment projects in Nepal; and enabling Australian volunteers to serve in Nepal.

There were no significant changes in the nature of International Nepal Fellowship (Australia) Limited's principal activities during the financial year.

Short term objectives

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;

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Directors' Report

30 June 2021

- 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.

Long term objectives

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 the impact of our work
 - c) working increasingly to influence Australian policy and public attitudes.
1. 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
1. Strengthening organisational learning through:
 - a) intentionally developing the processes, habits and relationships to learn, reflect and respond rapidly in a
 - b) facilitating sharing and utilisation of expertise, insight, energy and engagement across an empowered volunteer

Likely Developments

INF Australia was assessed for accreditation by an independent review team during 2020 and 2021 – an intensive and rigorous process assessing the organisation's governance, development approach, program effectiveness, communications and public engagement, as well as financial and risk management. While INF Australia had previously been accredited at "base" level, the Department of Foreign Affairs and Trade (DFAT) is accrediting the organisation at "full" level for the five year period commencing 1 July 2021. This will lead to a significant increase in government funding under DFAT's Australian NGO Cooperation Program (ANCP) from \$150,000 annually to a sum likely in the range of \$650,000 – \$700,000 annually, determined in a ratio with the organisation's own public fundraising and development expenditure in Nepal. We are grateful to the Australian Government for this support and pleased also that the INF Australia's professionalism and the effectiveness of our programs has been recognised in this way.

To make appropriate use of this funding increase, INF Australia has engaged in due diligence and capacity assessment of new partner organisations in Nepal and worked with our major partner, INF Nepal, to identify new opportunities for programs to support health and community initiatives that serve people in poverty in Nepal. We anticipate that INF Australia will continue to invest in staff and office capacity to ensure that we maintain the highest standards of partnership and program management, risk assessment and monitoring, and communications and public fundraising.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Directors' Report

30 June 2021

The INF Australia Board has taken the decision to make targeted investments in INF Australia's capacity to support and manage international projects, to ensure accountability and oversight for all our programs, and to engage effectively with the Australian community to raise awareness and funds for the work of our partners in Nepal. In line with this, the INF Australia staff team will move into suitable office space, with a view to improving productivity and INF Australia's ability to engage with stakeholders. We are grateful for the support of St Pauls Anglican Church Chatswood for providing low-rent office and event space over many years.

Review of operations

Our accounts for the 2021 financial year show a surplus of \$86,666 (2020: surplus \$626,401). Expenditure directly related to our work in Nepal totalled \$910,718 (2020: \$898,043).

The increase in expenditure on projects in Nepal largely relates to additional contributions to medical, community and humanitarian responses to COVID-19. Some additional unanticipated costs were incurred relating to additional costs of travel for expatriates returning to their home countries with disrupted flights and quarantine requirements.

Public support through fundraising undertaken by the organisation has remained steady compared with the previous year. Thus, the organisation is operating in a sustainable manner, has been able to maintain all commitments to partners and projects in Nepal, and has also recently made a number of strategic investments in staffing within the Australian office, to enhance the organisation's capacity for project management and oversight, as well as community engagement and awareness-raising.

COVID-19 continued to cause disruption to program operations in Nepal and to community education and engagement in Australia. The second wave, driven by the delta variant throughout March – May 2021, in particular, caused significant suffering and trauma for individuals and placed enormous strain on Nepal's under-resourced health systems.

While INF Australia was unable to undertake program monitoring visits and related capacity-building and training programs throughout the year, technology allowed regular contact with partners and local resources and experts were utilised to provide additional monitoring and oversight support.

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 three individuals, couples or families serving in Nepal in roles relating to organisational capacity development, leprosy and public health.

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.

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.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Directors' Report

30 June 2021

INF Australia provides core operational funding to INF Nepal's Green Pastures Hospital and Rehabilitation Centre in Pokhara. We continued 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 and development of a new neglected tropical disease strategy.

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 support for climate change adaptation and disaster resilience and response. 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. Due primarily to its geography and economic vulnerability, Nepal is regarded as a country highly vulnerable to impacts of climate change. INF Australia's support for a climate change advisory role, supports activities across INF Nepal's programs to assess and respond to climate change and disaster risks in project design and to support resilience and adaptation among vulnerable 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.

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.

Material Impacts and Risks Of COVID-19 on INF Australia's Operations

COVID-19 has had material impact on the operations of INF Australia, although most impacts relate to program monitoring and to engagement with the Australian community. Mitigation strategies or alternate approaches have been adopted to address all anticipated and realised risks. Impacts and risks are outlined below.

1. Budgeting for 2021 anticipated reductions in donation income owing to household uncertainty and loss of income caused by COVID-19. However this reduction was not realised and public response to the COVID-19 appeal in 2021 allowed INF Australia to meet all pre-existing program obligations and also to resource additional emergency medical and community responses to COVID-19 in Nepal.

Additional digital and online community engagement and fundraising approaches were developed and implemented during the year both as an ongoing strategy and to mitigate the reduction in face-to-face engagement caused by COVID-19.

2. INF Australia has anticipated a longer-term shift in income streams and an overall reduction of income (as well as related expenses) through reduced numbers of volunteers serving in Nepal. This relates to a pre-existing trend which INF Australia has already incorporated into strategic planning and budgeting. COVID-19 has contributed to a slow-down in recruitment and sending of skilled volunteers to Nepal.

Reduction in income associated with reduced numbers of volunteers being supported by INF Australia to work in Nepal has already been factored into INF Australia's 2021–22 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 2020-21 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 utilised online conferencing and contracted local auditors and reviewers.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Directors' Report

30 June 2021

These costs were fully budgeted and actual expenditures were in line with budget expectations.

4. INF Australia has no 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. In addition to the direct health impacts, COVID-19 has disrupted schooling, reduced economic activity in Nepal, created strain on health services, increased food insecurity, and is contributing to an increase in poverty, particularly among poor and marginalised communities.

This is likely to set back of progress to reduce poverty and increase community resilience through the medical and community programs INF Australia supports in Nepal. Extensions of funding may be required in order to support sustainable project outcomes, and some projects have been redesigned to account for some COVID-19 impacts, such as the return of migrant workers and the reduction of remittance income for many households.

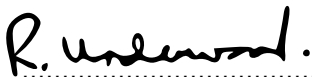
Our major partner, INF Nepal, is also well placed to respond to COVID-19 through its three hospitals and community programs in Nepal's West. As well as providing medical support to the Government of Nepal's efforts to tackle COVID-19, community programs have also modified their methodologies to incorporate COVID-safe practices such as meeting with smaller groups, providing masks, soap and handwashing facilities for all groups, and so on.

Company Limited by Guarantee

The company is incorporated under the *Corporations Act 2001* 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 2021, there were 97 members and therefore the total amount that Members of the company are liable to contribute if the company is wound up is \$970.

Indemnification and insurance of officers and auditors

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.



Ravi Underwood

Date: 12 October 2021

Chair of the Board

St Leonards, Sydney



Auditor's Independence Declaration under Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Responsible Persons of The International Nepal Fellowship (Australia) Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WSC GROUP - AUDIT PTY LTD

A F Gilbert, CA
Director

Sydney, 8th November 2021



WSC Group
is a CPA Practice

Liability Limited by a scheme approved
under Professional Standard Legislation

SYDNEY CBD

Level 8, 33-35 York St
Sydney NSW 2000
PO Box 3070, Bangor NSW 2234
T (02) 9138 1020 | 1300 365 125
F (02) 8525 4650 ABN. 50 350 478 852
E info@wscgroup.com.au

SYDNEY (Head Office)

Unit 11, 800 - 812 Old Illawarra Road
Menai NSW 2234
PO Box 3070, Bangor NSW 2234
T (02) 8525 4600 | 1300 365 125
F (02) 8525 4650 ABN. 50 350 478 852
E info@wscgroup.com.au

ALSO BRANCHES AT:

- BRISBANE
- CANBERRA
- GOLD COAST
- MELBOURNE
- NEWCASTLE
- PERTH



The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
	Note	\$	Restated \$
Revenue			
Donations and Gifts			
Monetary		897,616	930,250
Non-Monetary	17	326,510	494,465
Bequests and Legacies		237,107	713,872
Grants			
Department of Foreign Affairs and Trade		150,000	150,000
Interest income		4,237	8,235
Other income	4	105,475	68,172
Total revenue		1,720,945	2,364,994
Expenditure			
International Programs			
Funds to development programs		477,596	507,489
Funds to welfare and service programs		433,122	390,555
Program support costs		98,997	114,659
Non-monetary expenditure - development programs	17	140,954	216,900
Non-monetary expenditure - welfare & service programs	17	164,200	264,051
Community Education		76,123	41,834
Fundraising Costs - public		56,512	44,135
Fundraising costs - government		9,850	5,118
Accountability and Administration		155,569	88,832
Non-Monetary Expenditure	17	21,356	13,514
Domestic Programs Expenditure		-	51,507
Total expenditure		1,634,279	1,738,594
Surplus for the year		86,666	626,401
Other comprehensive income		-	-
Total comprehensive income for the year		86,666	626,401

The accompanying notes form part of these financial statements.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,496,425	1,201,458
Trade and other receivables	6	4,291	16,403
Inventories		1,197	1,720
Other current assets		530	12,000
Prepayments	7	80,883	242,011
TOTAL CURRENT ASSETS		<u>1,583,326</u>	<u>1,473,592</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	140,842	1,423
Intangible assets	9	16,056	5,850
TOTAL NON-CURRENT ASSETS		<u>156,898</u>	<u>7,273</u>
TOTAL ASSETS		<u>1,740,224</u>	<u>1,480,865</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	49,021	3,238
Borrowings		560	-
Lease liabilities	11	24,103	-
Employee benefits	12	31,403	29,502
TOTAL CURRENT LIABILITIES		<u>105,087</u>	<u>32,470</u>
NON-CURRENT LIABILITIES			
Lease liabilities	11	99,906	-
Employee benefits	12	440	-
TOTAL NON-CURRENT LIABILITIES		<u>100,346</u>	<u>-</u>
TOTAL LIABILITIES		<u>205,433</u>	<u>32,740</u>
NET ASSETS		<u>1,534,791</u>	<u>1,448,125</u>
EQUITY			
Reserves		1,064,840	1,077,923
Retained earnings		469,951	370,202
TOTAL EQUITY		<u>1,534,791</u>	<u>1,448,125</u>

The accompanying notes form part of these financial statements.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	General Fund \$	Designated Funds \$	Total \$
Balance at 1 July 2020	370,202	1,077,923	1,448,125
Surplus/(Loss) for the year	99,749	(13,083)	86,666
Balance at 30 June 2021	469,951	1,064,840	1,534,791

2020

	General Fund (Restated) \$	Designated Funds (Restated) \$	Total \$
Balance at 1 July 2019	352,913	468,811	821,724
Surplus/(Loss) for the year	17,289	609,112	626,401
Balance at 30 June 2020	370,202	1,077,923	1,448,125

The accompanying notes form part of these financial statements.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from supporters	1,150,540	1,692,891
Receipts from Federal Government funding	150,000	150,000
Receipts from Government COVID-19 support	117,021	22,000
Interest received	3,707	8,235
Payments to suppliers and employees	(354,270)	(585,691)
Payments for designated projects	(741,749)	(936,573)
Net cash provided by/(used in) operating activities	16 <u>325,249</u>	<u>350,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	(15,180)	-
Purchase of computer software	(15,662)	-
Net cash provided by/(used in) investing activities	<u>(30,842)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	560	-
Net cash provided by/(used in) financing activities	<u>560</u>	-
Net increase/(decrease) in cash and cash equivalents held	294,967	350,862
Cash and cash equivalents at beginning of year	1,201,458	850,596
Cash and cash equivalents at end of financial year	5 <u>1,496,425</u>	<u>1,201,458</u>

The accompanying notes form part of these financial statements.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers International Nepal Fellowship (Australia) Limited as an individual entity. International Nepal Fellowship (Australia) Limited is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2021 were 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 functional and presentation currency of International Nepal Fellowship (Australia) Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements and material accounting policies all comply with the recognition and measurement requirements in Australian Accounting Standards.

The company is a registered member with the Australian Council for International Development (ACFID) and the financial statements are prepared in accordance with the requirements set out in the ACFID code of conduct. For further information on the Code please refer to the ACFID Code of Conduct Implementation Guide available at www.acfid.asn.au.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

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.

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.

Interest income

Interest is recognised when received/receivable.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements

For the Year Ended 30 June 2021

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

(d) Inventories

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	20%
Office Equipment	20%
Computer Equipment	33.3%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements For the Year Ended 30 June 2021

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements

For the Year Ended 30 June 2021

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain parties, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Leases

The Company has adopted AASB 16 Leases from 1 July 2020. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expenses recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(j) 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.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

4 Other Income

	2021	2020
	\$	\$
- Government grant - COVID 19	105,021	34,000
- Other income	454	34,172
	<u>105,475</u>	<u>68,172</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	1,011,988	719,771
Short term deposits	484,437	481,687
	<u>1,496,425</u>	<u>1,201,458</u>

6 Trade and other receivables

CURRENT		
Accounts receivable	-	15,363
GST receivable	4,291	1,040
	<u>4,291</u>	<u>16,403</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

7 Other Assets

CURRENT		
Prepayments - overseas projects	77,137	237,027
Prepayments	3,746	4,984
	<u>80,883</u>	<u>242,011</u>

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements For the Year Ended 30 June 2021

8 Property, plant and equipment

PLANT AND EQUIPMENT

Furniture, fixtures and fittings

At cost

8,048 -

Accumulated depreciation

(122) -

Total furniture, fixtures and fittings

7,926 -

Office equipment

At cost

15,983 15,983

Accumulated depreciation

(15,983) (15,983)

Total office equipment

- -

Computer equipment

At cost

9,266 2,135

Accumulated depreciation

(1,771) (712)

Total computer equipment

7,495 1,423

Total plant and equipment

15,421 1,423

Right-of-Use - Buildings

At cost

127,540 -

Accumulated depreciation

(2,119) -

Total Right-of-Use - Buildings

125,421 -

Total property, plant and equipment

140,842 1,423

9 Intangible Assets

2021 2020

\$ \$

Computer Software

At cost

24,438 8,775

Accumulated amortisation

(8,382) (2,925)

16,056 5,850

10 Trade and Other Payables

CURRENT

Trade payables

5,880 -

PAYG payable

13,554 3,238

Accrued expenses

29,587 -

49,021 3,238

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements For the Year Ended 30 June 2021

11 Lease liabilities

The Company commenced a lease of office premises in June 2021 and, in accordance with accounting standard AASB 16, has recognised the right-of-use asset and lease liability for this lease.

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities
	\$	\$	\$	\$
2021				
Lease liabilities	24,103	99,906	-	124,009

12 Employee Benefits

CURRENT

Long service leave			12,511	10,119
Annual leave			18,892	19,383
			31,403	29,502

NON-CURRENT

Long service leave			440	-
--------------------	--	--	-----	---

13 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 196,578 (2020: \$ 139,115).

The Key Management Personnel during the year were Chief Executive Officer, Nepal Programs Manager (0.6 FTE), Strategic Engagement Manager (0.6 FTE) and Finance Manager (0.6 FTE).

INF Australia engaged in no transactions with other related parties.

14 Auditors' Remuneration

Remuneration of the auditor:

- auditing or reviewing the financial statements			7,250	1,900
Total			7,250	1,900

15 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements For the Year Ended 30 June 2021

16 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Profit for the year	86,666	626,401
Non-cash flows in profit:		
- depreciation	1,181	3,837
- depreciation – right-of-use asset	2,119	-
- amortisation	5,457	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	26,832	(23,868)
- (increase)/decrease in prepayments	161,128	(204,997)
- (increase)/decrease in inventories	523	(22)
- increase/(decrease) in trade and other payables	39,002	(24,762)
- increase/(decrease) in provisions	2,341	(25,727)
Cashflows from operations	<u>325,249</u>	<u>350,862</u>

17 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 2021, 448 volunteer hours were provided to INF Australia at a commercial value of \$21,356.

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.

Non-financial contribution in Australia	21,356	13,514
Non-financial contribution in Nepal	305,154	480,951

18 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.

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Fundraising information

The following information is disclosed in accordance with the *Charitable Fundraising Act (NSW) 1991*. Charitable fundraising license number 17644, expiry 06/12/2024.

Various fundraising activities were conducted during the year including appeals, regular giving and major gifts.

Results of fundraising appeals

	2021	2020
	\$	\$
Gross proceeds from fundraising appeals	1,134,723	1,644,122
Non-monetary donations and gifts	326,510	494,465
Less: Fundraising costs – Public	(56,512)	(44,135)
Net surplus obtained from fundraising appeals	1,404,721	2,094,452
<i>Fundraising costs / gross fundraising income</i>	4%	2%
Total funds distributed to objectives of the Company (Project costs, program support & community education)	1,390,992	1,586,994
Total expenditure	1,634,279	1,738,593
<i>% of all costs directly incurred in aiding Nepal projects and programmes</i>	85%	91%

Gross proceeds from fundraising appeals for 2021 includes bequests of \$237,107 (2020: \$713,872).

20 Prior Period Errors

Management have identified a 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 2020. 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 - Bequests and Legacies Income restatement: \$713,872. (Previously stated as \$80,000)

Expenditure - Funds to Development Programs restatement: \$507,489. (Previously stated as \$503,505)

Expenditure - Funds to Welfare and service programs restatement: \$390,555. (Previously stated as \$364,862)

Opening retained earning - 30 June 2019 General Fund restatement: \$352,913. (Previously stated as \$352,813)

The error occurred due to the net results of the above transactions being directly recorded in "Other amounts transferred to/(from) reserves". The net result of the above revenue and expenditure transactions is \$604,195. The surplus for 2020 was previously reported as \$22,206. The restated surplus for 2020 is \$626,401.. These changes have been reflected in the comparatives in this financial statement.

21 Statutory Information

The registered office and principal place of business of the company is:

International Nepal Fellowship (Australia) Limited
Suite 3, 65 Nicholas St
St Leonards NSW 2065

The International Nepal Fellowship (Australia) Limited

ABN: 75 090 528 500

Responsible Persons' Declaration

Declaration in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*:

The Responsible Persons declare that in the Responsible Persons' opinion:

- the financial statements and notes as set out on pages 6 to 18, for the year ended 30 June 2021 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and:
 - Comply with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*; and,
 - Give a true and fair view of the financial position as at 30 June 2021 and the performance for the year ended on that date of the Company.
- there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

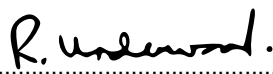
This declaration is made in accordance with a resolution of the Board of Directors.

Declaration as required by the *Charitable Fundraising Act 1991 (NSW)*:

- (a) the accounts for the year ended 30 June 2021, give a true and fair view of all income and expenditure of the Company with respect to fundraising appeals; and
- (b) the statement of financial position as at 30 June 2021 gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) the provision of the *Charitable Fundraising Act 1991 (NSW)* and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied from any of its fundraising appeals.

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

Ravi Underwood



Chair of the Board

Date: 4 November 2021



Independent Audit Report to the members of The International Nepal Fellowship (Australia) Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The International Nepal Fellowship (Australia) Limited, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of The International Nepal Fellowship (Australia) Limited 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 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Independent Audit Report to the members of The International Nepal Fellowship (Australia) Limited

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 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.

WSC GROUP - AUDIT PTY LTD

A F Gilbert, CA

Director

Sydney, Australia

Dated this8th..... day ofNovember.....2021



Liability Limited by a scheme approved under Professional Standard Legislation

SYDNEY CBD

Level 8, 33-35 York St
Sydney NSW 2000
PO Box 3070, Bangor NSW 2234
T (02) 9138 1020 | 1300 365 125
F (02) 8525 4650 ABN. 50 350 478 852
E info@wscgroup.com.au

SYDNEY (Head Office)

Unit 11, 800 - 812 Old Illawarra Road
Menai NSW 2234
PO Box 3070, Bangor NSW 2234
T (02) 8525 4600 | 1300 365 125
F (02) 8525 4650 ABN. 50 350 478 852
E info@wscgroup.com.au

ALSO BRANCHES AT:

- BRISBANE
- CANBERRA
- GOLD COAST
- MELBOURNE
- NEWCASTLE
- PERTH

