

christians
against
poverty

CAP

2019

Annual Report

About this Report

For the Year Ended 31 December 2019

This report shows the activities and performance of Christians Against Poverty for the period 1 January 2019 to 31 December 2019. It has been prepared to comply with legal obligations and to support the ACNC objective to build greater accountability and trust in the Australian not-for-profit sector.

Providing information and transparency through this report is one of the ways CAP seeks to build trust with partners and supporters. CAP recognises the importance of the strength of these relationships for the charity's long-term growth and sustainability, and ultimately more beneficiaries being reached.

Charitable Status

Christians Against Poverty (CAP) is a Registered Charity with the Australian Charities and Not-for-profit Commission (ACNC).

Tax Concessions and Fundraising

Public Benevolent Institution (PBI) and endorsed by the Australian Taxation Office as a Deductible Gift Recipient (DGR).

Fundraises throughout Australia and registered under legislation as required in each State and Territory.

Christians Against Poverty, Australia

PO Box 298, Hunter Region MC NSW 2310

ABN: 92 104 471 516

Australian Credit License: 426594

Contents

CAP Overview	5
The Need	7
The CAP Approach	8
Impact Report	10
Trixie's Story	11
Leadership & Governance	12
Message from the Chief Executive	13
Message from the Board Chair	14
Financial Performance	15
Looking Ahead	16
Statement of Profit or Loss and Other Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes to the Financial Statements	24
Directors' Declaration	36
Auditor's Independence Declaration	37
Independent Audit Report	38

Vision Statement



**“Speak up for those
who cannot speak for
themselves, for the rights
of all who are destitute.
Speak up and judge
fairly; defend the rights
of the poor and needy.”**

Proverbs 31:8-9 (NIV)

CAP Overview

Vision | To equip a movement of churches to serve and include the poor while confidently proclaiming Jesus.

CAP exists to release Australians from debt and poverty in two ways; practically with debt advocacy and financial education, and at a deeper level through connection to the local community.

CAP will help anyone who is facing hardship as a result of unmanageable debt, providing all services free of charge. CAP’s unique ‘hands-on’ approach empowers people to help themselves be released from the fear, oppression and worry generated by overwhelming debt.

The CAP service also proactively teaches good financial wellbeing to all Australians, regardless of their situation. The charity operates through a growing network of centres, each opened in partnership with a local church.



“I thought about suicide. I felt like a failure. I felt like I’d lost all my self-worth.”

Peter, Debt Free



Watch Online

The Need

Snapshot of Poverty in Australia

(from ACOSS Poverty in Australia Report 2018)



Over 3m

Australians living below the poverty line (13.2%)



739k

children living in poverty (17.3%)



16%

couldn't afford necessities (e.g. food) in the last 12 months

Snapshot of Debt in Australia

(from Australia Bureau of Statistics, Household Income and Wealth Report, 2015-16)



\$168k

average household debt



55%

of household debt is credit card debt



1 in 4

households with debt fit the definition of over-indebtedness*

*liabilities equal to 3 or more years of disposable income

The CAP Approach

Local Churches

CAP believes that the church is the body of Christ and the outworking of His mandate to serve and include the poor. Programs are run solely through local churches so that they can be a beacon of light in their own communities.

National Head Office

The CAP Australia Head Office is based in Newcastle, NSW and is responsible for building and supporting the church partner network, managing the debt repayment and insolvency process for clients, and for developing fundraising initiatives and engaging with Australian supporters.

CAP Debt Centres

CAP Debt Centres bring essential care to struggling families, offering face-to-face home visits and ongoing care to clients. CAP Centre Managers (church volunteers) are in regular contact with clients to collect financial paperwork, present a budget, and provide spiritual and practical support.

CAP Money Course

The CAP Money Course provides simple and practical training for anyone who wants to manage their money better. Typically run over three sessions by a CAP Money Coach (church volunteer), the course teaches delegates how to get a handle on their finances so they can budget, save, and prevent unmanageable debt.

Supporters

CAP is funded through donations from generous supporters, both on a regular basis and one-off. Donors who give on a monthly basis are called Life Changers.



198
Partner Churches



28
Staff Members



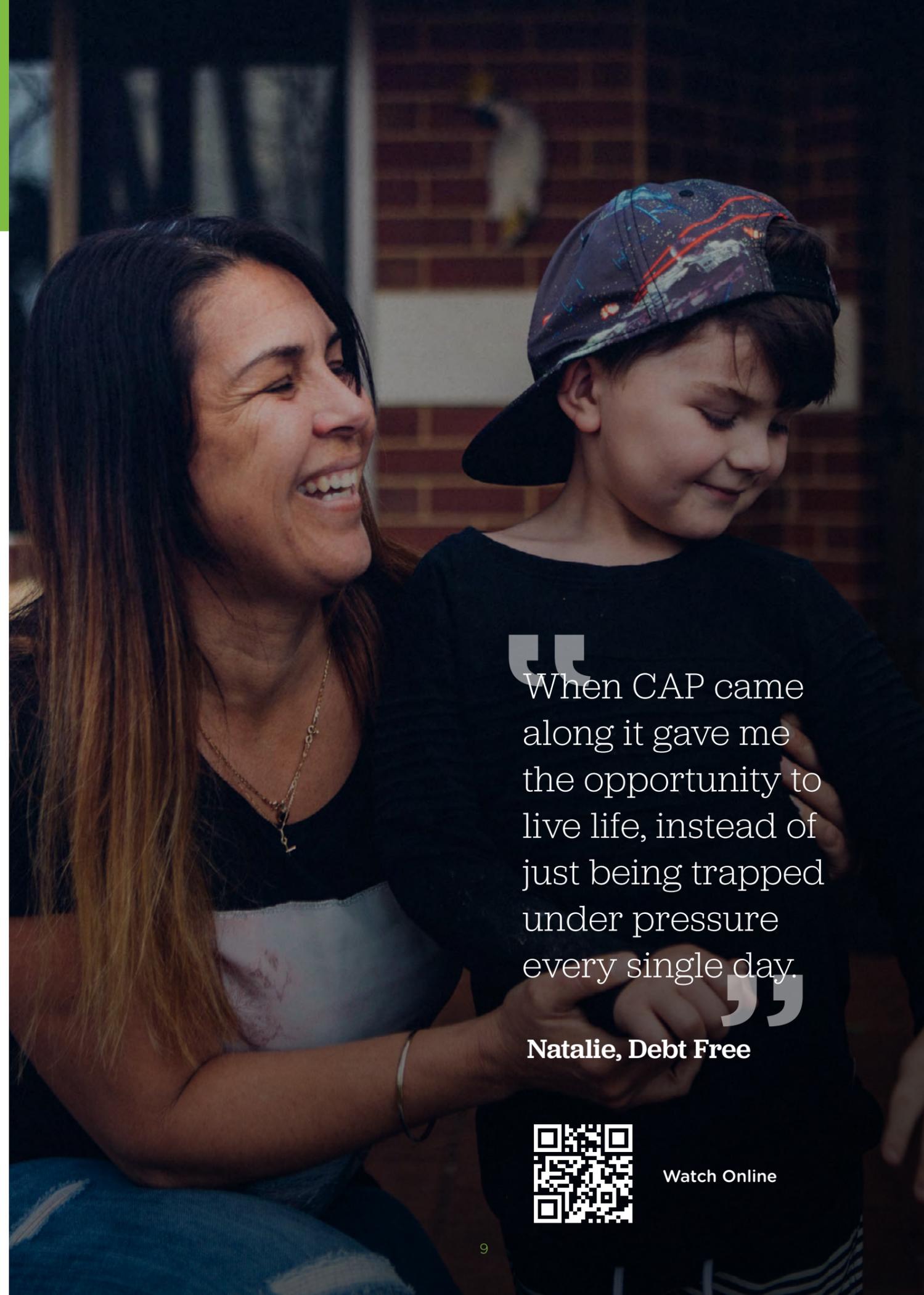
38
Debt Centres



160
CAP Money Churches



3,227
Life Changers



“When CAP came along it gave me the opportunity to live life, instead of just being trapped under pressure every single day.”

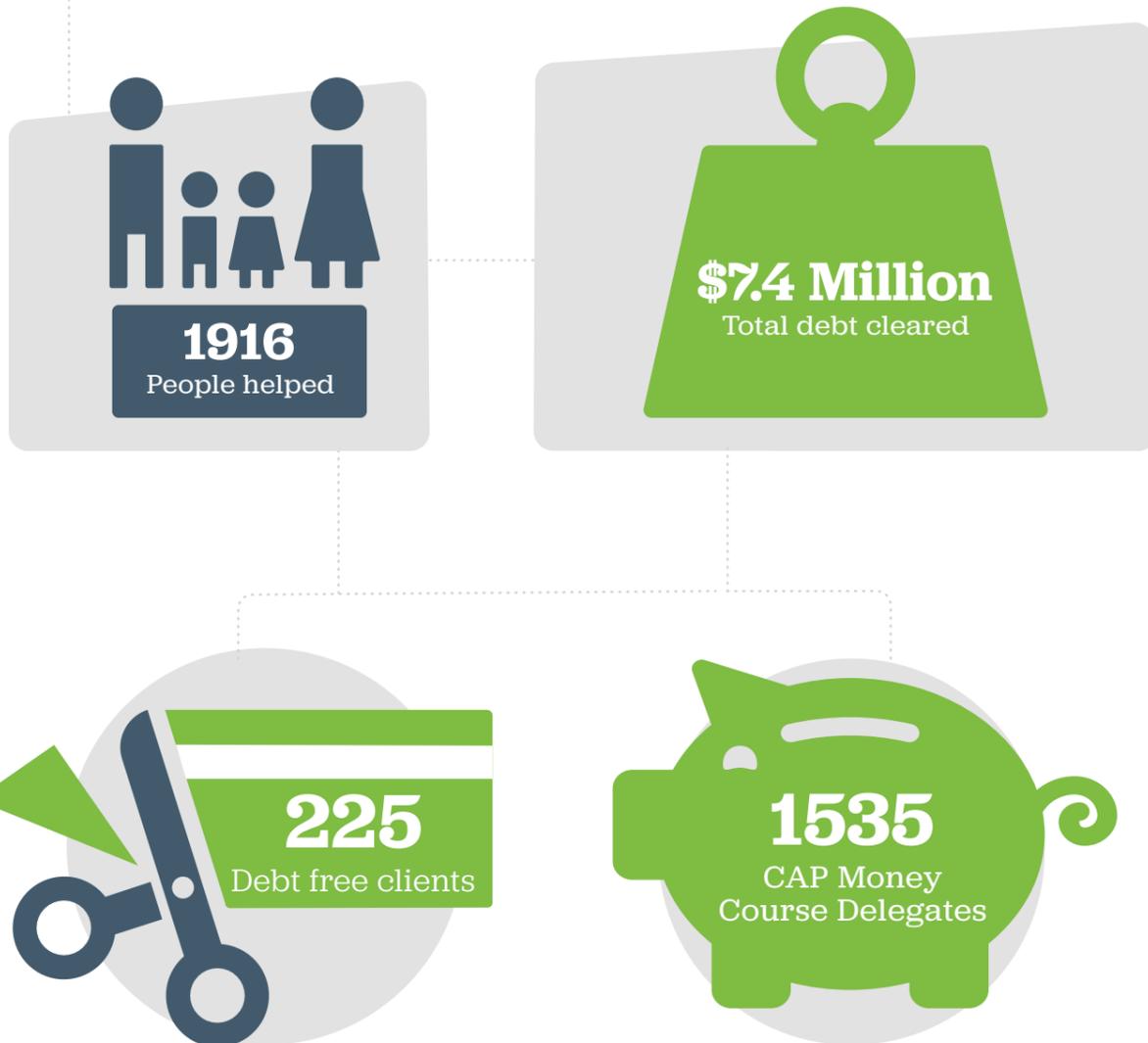
Natalie, Debt Free



Watch Online

Impact Report 2019

 In partnership with you & the local church



“The whole future for us is really bright. CAP has given us that light at the end of the tunnel. I’m really excited and grateful.”

Trixie’s Story

I’m very isolated – I live half an hour away from my nearest town, so I’m a very proud, stubborn, driven woman. My name is Trixie and I’m a mother of three: Braden, Isabelle and Hunter.

I was 31 weeks pregnant when I woke up one night and my waters had ruptured. I wasn’t prepared to have a premature baby – there was a huge financial crunch that came with that and I just put it all on the credit card. It was everything that she needed: the heaters, the warmth, the things I didn’t have. I went from working to just raising the children – it was quite difficult.

The credit card bill just kept getting higher and higher and once I went over that 1 year interest-free, it went right up. Every month I tried to make a payment, but it would never take anything off the bill. It came to a point where I had to make my calls by the telephone box. I didn’t have a phone, didn’t have a car and the house was going to be taken from us. Everything I had worked for in the past was going to be gone.

I had shame that I hadn’t felt before – it wasn’t what I had intended for the kids, it’s not what I wanted for them. I’d run into friends and I’d just burst out in tears.

I ended up at the food bank and they gave me a CAP card. So I called CAP, and I had a lady named Jenni contact me – she said she would come out to see me which was really convenient, as I couldn’t go into town to see her.

The kids hadn’t had visitors in a long time, and when Jenni arrived they got some blocks out and had a ball! We talked about my finances and I felt really empowered. I could hand everything over. Jenni encouraged me to gather up all my bills – I was overwhelmed with the total. I knew that it wasn’t going to be a quick fix. It was a long journey, but it was a journey that gave me hope.

Jenni is more than a lady from CAP; we’ve become friends. She’s opened up doors for me and I got to reconnect with my faith. The kids have really enjoyed going to church, it’s been really social for them. They get to have a blast, have a dance, say a little prayer!

I felt a lot of shame making those initial calls and saying, “this is who I am. I have a huge debt problem and it’s beyond me. I can’t fix this, I can’t fix it on my own”. I love being able to speak out, and hopefully be a voice to encourage other people to pick up that phone. Make the change and just take those steps, it’s the best thing you can ever do.

I don’t know how to thank CAP, they put a smile back on my face and the song back in my heart. CAP has given us the light at the end of the tunnel!

Leadership & Governance

Board of Directors



Paul Derham
Chairman of the Board



Rosie Kendall
Chief Executive



Cathie Dixon
Board Member



Matthew Hunt
Board Member
(As of April 2019)



Rob Fryer
Board Member



Janelle Partington
Corporate Secretary

Leadership Team



Rosie Kendall
Chief Executive



Phill Pickering
Services Director



Scott Slingo
Partnership Director
(concl. May 2019)



Janelle Partington
Corporate Services
Director

Message from the Chief Executive



Rosie Kendall
*Chief Executive Officer,
CAP Australia*

CAP is a faith ministry and there is not one success can I look back on without praising God with a grateful heart. 2019 is a year I thank God for. It's funny that I feel surprised when he comes through beyond what I thought possible - his hand is so clearly on this organisation.

More than ever, I'm thankful for the faithful generosity of CAP's donors, volunteers and staff. Only on the back of your support through all seasons is it possible to look forward, grow, and ultimately reach more vulnerable people.

In 2019 CAP Debt Help and CAP Money touched the lives of 1,916 clients and delegates. For each of the 225 clients who went debt free, there is a story of deep transformation. May we never take for granted the privilege it is to see even one life transformed!

I'm very proud of the many things CAP achieves with a relatively small staff team - keeping running costs low while helping equip as many churches as possible to serve and include the poor. But upon my return from maternity leave in February, it became apparent that our key results had become much more difficult to maintain. The staff team were over-stretched and struggling.

As I returned, I knew one of my biggest objectives for 2019 was to make some clear decisions on vision and direction to ensure staff could focus on the right things for CAP's next season. So, we kicked off an organisational review with the aim of creating a 3-year strategic growth plan (a big thank you to Ntegrity Agency and some generous supporters for making this project possible).

Since CAP launched in Australia in 2000, the flagship Debt Help service has been run. Over time, several other initiatives were launched that tackled underlying causes of poverty

and debt; CAP Money, CAP Job Clubs and CAP Release Groups. After lots of prayer and consideration, CAP made the decision in July 2019 to stop running CAP Job Club and CAP Release Group programs. This was one of the hardest decisions to make and not done lightly. However, I know this decision will bring (and already has brought) fresh investment and resource to the areas of the charity I know God wants us to focus on.

This decision has allowed CAP to springboard into a new 3-year growth plan, bringing focus back to the CAP Money Course. There are currently 177 CAP Money church partners, and God has given a vision to see CAP Money expand exponentially - the need for financial wellbeing in our communities is growing all the time. Equipping the Church with a tool to have healthy conversations about money will play a significant part in seeing people find freedom.

As a result of these church partnerships, it is anticipated that more churches will be ready to move towards serving and including the poor by opening a CAP Debt Help service in their community. In 2019, there were 38 operational debt help partner churches, but 200 are needed to reach national coverage. It meant that this year, 464 people had to be turned away due to not having a service in their area. This is not okay.

I am thrilled about the redirection of energy and innovation into CAP Money as an amazing church tool that brings financial freedom to God's people. I dream of the day the church will be known as place that opens its arms wide to the destitute, a place of belonging to the hopeless. With CAP as the vehicle I believe we can and will see that happen, in our nation, one life at a time, one family at a time, one generation at a time.

Message from the Board Chair



Paul Derham
Chairman of the Board,
CAP Australia

It was wonderful to see Rosie return to her role as CEO with strong leadership and renewed vision at the beginning of 2019. She works tirelessly with her team to stimulate growth, sustainability and positive change in the lives of those who need it most - in partnership with the Church.

2019 was a year of clarity: consolidating a number of competing priorities by removing group services and focusing on key projects that bring maximum impact, like CAP Debt Centres and CAP Money.

It was also a year of investment in people. Closing group services and renewing focus on the key projects necessitated a restructure of staff, and so after long and careful deliberation, 2019 saw the addition of ten new staff.

We look forward to the fruits of the clarity and investment in 2020 and beyond. I'm excited that God has positioned CAP to equip the Australian Church to bring freedom from financial oppression. There's so much to do, and we have a plan to do it well.

During this season of change, I'm grateful to each of you who support CAP's efforts. You are the driving force behind CAP's influence in Australian communities. Thank you.

Financial Performance

Income



- **Life Changers: \$1,127,897 (48%)**
Made up of individuals who give a monthly donation to CAP. Whether \$50 or \$100 — they're all Life Changers!
- **Trusts & Grants: \$84,800 (4%)**
CAP strategically applies for grants from philanthropic organisations whose vision aligns with serving and including the poor.
- **Fundraising Activities: \$707,595 (30%)**
One-off donations from various donor appeals, fundraising events, and key supporter proposals.
- **Church Partnerships: \$431,670 (18%)**
From churches who want to serve and include the poor in their communities and have partnered with CAP to do so.

Expenditure



- **People Power: 64%**
\$1.5mil supplied the CAP engine room of 24 people through wages and salaries, the vehicle through which financial advocacy is made possible today and into the future.
- **Fundraising & Sustainability: 11%**
\$271k invested into the future sustainability of the organisation through fundraising events and activities
- **Equipping & Resourcing: 25%**
\$593k covered the training and resources required for 24 staff, 220 church partners and 400 volunteers to bring the CAP service to their communities

The result of this expenditure?

1600 individuals and their families were helped to reach financial freedom. An incredible \$7million in debt was cleared, that would otherwise still weigh heavy on the shoulders of these people and their families.

These results are why CAP works. \$2million in direct aid would never come close to clearing the debt CAP clients were faced with in 2019.

Not only were resources stretched far beyond their original value, but lives were changed from the inside out. Dignity was returned to clients, the hope of Jesus shared, and immeasurable worth added to vulnerable lives through the love and inclusion of their local church community.

Looking Ahead

3 Year Vision

To equip a movement of churches to serve and include the poor while confidently proclaiming Jesus.

3 Year growth drivers



Internal Alignment



Grow regular giving



Refine Marketing



Innovate CAP Money

2020 Objectives

CAP has emerged from 2019 with a fresh, focused vision and a clear understanding of what is required to make it happen. To start fuelling the 3-year growth drivers, there are some key objectives for 2020 specifically:

Generate more regular income

Life Changers and Church Partnerships contribute not only income, but to the heart and soul of CAP. 2020 will see advocates of CAP grow, as more people and churches join in the movement.

Recharge CAP Money

CAP Money will get an overhaul of new strategy, new tools, and an aim to become more relevant to the Australian financial landscape. This will be deeply rooted in a biblical theology of money and redemption and will engage both new churches and previously-trained churches.

Future-proof Debt Centres

To improve the sustainability of CAP Debt Centres, 2020 will be all about greater integration between the whole of the church and the debt centre, boosting reserves of volunteers and connecting clients into the church community.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes to the Financial Statements	24
Directors' Declaration	36
Auditor's Independence Declaration	37
Independent Audit Report	38

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	2	2,352,233	2,465,680
Employee benefits expense		(1,488,831)	(1,525,640)
Travel and entertainment expenses		(189,431)	(196,388)
Consultants and professional fees		(165,119)	(49,515)
Office expenses		(137,624)	(164,358)
Depreciation and amortisation expense		(108,376)	(39,568)
Event expenses		(102,791)	(138,509)
Marketing and appeal expenses		(69,746)	(89,443)
CAP UK management fees	13	(56,180)	(51,455)
Rent and outgoings		(22,439)	(110,314)
Interest expense on lease liabilities		(15,132)	-
Other expenses		(27,710)	(31,296)
Surplus/(deficit) for the year		(31,146)	69,194
Total comprehensive income for the year		(31,146)	69,194

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2019

Assets	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	3	698,577	864,583
Trade and other receivables	4	2,963	4,571
Other assets	5	45,709	42,402
Total current assets		747,249	911,556
Non-current assets			
Trade and other receivables	4	15,992	15,992
Property, plant and equipment	6	48,464	48,314
Right-of-use assets	7	268,053	-
Total non-current assets		332,509	64,306
Total assets		1,079,758	975,862

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2019

Liabilities	Note	2019 \$	2018 \$
Current liabilities			
Trade and other payables	8	381,134	504,356
Short-term provisions	9	42,661	55,491
Lease liabilities		77,840	-
Other liabilities	10	10,900	6,500
Total current liabilities		512,535	566,347
Non-current liabilities			
Lease liabilities		196,816	-
Long-term provisions	9	29,768	37,730
Total non-current liabilities		226,584	37,730
Total liabilities		739,119	604,077
Net assets		340,639	371,785

Equity	Note	2018 \$	2017 \$
Retained earnings		340,639	371,785
Total equity		340,639	371,785

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2019

2019	Retained Earnings \$	Total \$
Balance at 1 January 2019	371,785	371,785
Surplus/(deficit) for the year	(31,146)	(31,146)
Balance at 31 December 2019	340,639	340,639

2018	Retained Earnings \$	Total \$
Balance at 1 January 2018	302,590	302,590
Surplus/(deficit) for the year	69,195	69,195
Balance at 31 December 2018	371,785	371,785

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2019

Cash flows from operating activities			
	Note	2019 \$	2018 \$
Receipts from customers and donors		2,430,808	2,534,159
Payments to suppliers and employees		(2,368,565)	(2,421,241)
Interest received		4,630	10,159
Interest paid		(15,132)	-
Net funds collected/(paid) on behalf of clients		(115,824)	(36,737)
Net cash provided by/(used in) operating activities	15	(64,083)	86,340

Cash flows from investing activities			
	Note	2019 \$	2018 \$
Purchase of property, plant and equipment		(28,110)	(19,420)
Net cash provided by/(used in) investing activities		(28,110)	(19,420)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2019

Cash flows from financing activities			
	Note	2019 \$	2018 \$
Payment of lease liabilities		(73,813)	-
Net cash provided by/(used in) financing activities		(73,813)	-

Totals			
	Note	2019 \$	2018 \$
Net increase/(decrease) in cash and cash equivalents held		(166,006)	66,920
Cash and cash equivalents at beginning of year		864,583	797,663
Cash and cash equivalents at end of financial year	3	698,577	864,583

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2019

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report covers Christians Against Poverty (Australia) Limited as an individual entity. Christians Against Poverty (Australia) Limited is a Company limited by guarantee, registered and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Revenue

Donations, grants and bequests

When the Company receives donations, grants or bequests, it assesses whether a contract exists, and whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When these conditions are satisfied, the Company:

- identifies each performance obligation relating to the donation, grant or bequest;
- recognises a contract liability for its obligations under the contract; and
- recognises revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficient specific performance obligations, the donation, grant or bequest is recognised immediately in profit or loss.

Interest income

Interest income is recognised using the effective interest method, which for floating rate financial instruments is the rate inherent in the instrument.

(c) Income Tax

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

(d) 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 payable 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.

1. Summary of Significant Accounting Policies

(e) Property, plant and equipment

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

Depreciation

Property, plant and equipment, excluding freehold land, 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
Plant and Equipment	15-50%
Motor Vehicles	25%
Computer Equipment	20-66%
Computer Software	50%

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) Leases

For the comparative year, lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

For the current year, lease accounting is as follows:

Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

1. Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) 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.

(i) 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).

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
- fair value through profit or loss - FVTPL

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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Trade receivables

Impairment of trade receivables have been

1. Summary of Significant Accounting Policies

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 customers, 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.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables.

(j) 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.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability,

consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2019. The following significant new accounting standards have been adopted:

AASB 16

The Company has applied AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised on 1 January 2019. In accordance with AASB 16, the comparatives for the 2018 reporting period have not been restated.

The right-of-use assets for the building lease were measured and recognised in the statement of financial position at 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid and accrued lease payments previously recognised at 1 January 2019.

The Company's weighted average incremental borrowing rate on 1 January 2019 applied to the lease liabilities was 4.91%. The difference between the undiscounted amount of operating lease commitments at 31 December 2018 of \$404,664 and the discounted operating lease commitments as at 1 January 2019 of \$348,469 was \$56,169, which is due to discounting the operating lease commitments at the Company's incremental borrowing rate, and the estimated variable rental increases factored into the calculation for operating lease commitments.

AASB 15 and AASB 1058

The Company has applied AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates, and Errors. There was no impact on the comparatives for the 2018 reporting period.

2. Revenue

Revenue from other sources	2019 \$	2018 \$
Donations	2,248,262	2,328,491
Grants	84,800	94,000
Interest income	4,630	10,159
Other revenue	14,541	33,030
Total Revenue	2,352,233	2,465,680

3. Cash and Cash Equivalents

	2019 \$	2018 \$
Cash on hand	300	300
Cash at bank - operations	363,075	413,257
Cash at bank - client funds held in trust	335,202	451,026
	698,577	864,583

4. Trade and Other Receivables

Current	2019 \$	2018 \$
Trade receivables	-	200
GST receivable	2,963	4,371
	2,963	4,571

Non-current	2019 \$	2018 \$
Deposits	15,992	15,992
	15,992	15,992

5. Other Assets

Current	2019 \$	2018 \$
Prepayments	45,709	42,402
	45,709	42,402

6. Property, plant and equipment

	2018 \$	2017 \$
Plant and equipment		
At cost	58,120	152,366
Accumulated depreciation	(41,054)	(135,125)
Total plant and equipment	17,066	17,241
Motor vehicles		
At cost	19,846	19,845
Accumulated depreciation	(16,739)	(13,762)
Total motor vehicles	3,107	6,083
Computer equipment		
At cost	71,891	144,821
Accumulated depreciation	(43,600)	(122,540)
Total computer equipment	28,291	22,281
Computer software		
At cost	14,632	21,022
Accumulated depreciation	(14,632)	(18,313)
Total computer software	-	2,709
Total property, plant and equipment	48,464	48,314

6. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Movements in carrying amounts	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Computer software \$	Total \$
Balance at the beginning of year	17,241	6,083	22,281	2,709	48,314
Additions	8,695	-	19,415	-	28,110
Depreciation expense	(8,870)	(2,976)	(13,405)	(2,709)	(27,960)
Balance at the end of the year	17,066	3,107	28,291	-	48,464

7. Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Right-of-use assets	Buildings \$	Total \$
Balance at the beginning of the year	-	-
Recognised on initial application of AASB 16 on 1 January 2019	348,469	348,469
Depreciation expense	(80,416)	(80,416)
Balance at the end of the year	268,053	268,053

8. Trade and Other Payables

Trade and other payables	2019 \$	2018 \$
Current		
Trade payables	22,675	28,268
Sundry payables and accrued expenses	23,257	25,062
Client funds held in trust	335,202	451,026
	381,134	504,356

The Company holds funds in trust for clients. These funds are held within specific bank accounts that are kept separate from the Company's operating bank accounts, and funds are applied solely for the purpose of making payments to clients' creditors on their behalf.

9. Provisions

Provisions	2019 \$	2018 \$
Current		
Employee benefits	42,661	55,491
	42,661	55,491
Non-current		
Employee benefits	29,768	37,730
	29,768	37,730

10. Other Liabilities

Other Liabilities	2019 \$	2018 \$
Current		
Contract liabilities	10,900	6,500
	10,900	6,500

11. Leasing Commitments

Operating leases	2019 \$	2018 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	89,638
- between one year and five years	-	315,026
	-	404,664

12. Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company was \$ 341,610 (2018: \$ 389,929).

13. Related Parties

The Company's main related parties are:

- Key management personnel - refer to Note 12.
- Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

The Company is affiliated with Christians Against Poverty UK (CAP UK). However, as the Company has an independent Australian-based governance structure, it is not considered a related party under Australian Accounting Standards. The Company pays management fees to CAP UK to cover the use of UK-developed software licensing costs, and key management personnel remuneration (disclosed in Note 12).

There were no related party transactions during the year, other than those disclosed above.

14. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, trade receivables and trade payables (including funds held in trust for clients). The totals of each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, is as follows:

Financial assets	2019 \$	2018 \$
Financial assets at amortised cost:		
Cash and cash equivalents	698,577	864,583
Trade and other receivables	15,992	20,563
Total financial assets	714,569	885,146
Financial liabilities		
Financial liabilities at amortised cost		
Financial liabilities at amortised cost	381,134	504,356
Total financial liabilities	381,134	504,356

15. Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities	2019 \$	2018 \$
Surplus/(deficit) for the year	(31,146)	69,195
Non-cash flows in result:		
- depreciation	108,376	39,568
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,608	4,209
- (increase)/decrease in prepayments	(3,307)	16,392
- (increase)/decrease in income in advance	4,400	600
- (increase)/decrease in trade and other payables	(123,222)	(55,972)
- (increase)/decrease in provisions	(20,792)	12,348
Cashflows from operations	(65,083)	86,340

16. Events after the end of the Reporting Period

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

17. Statutory Information

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

Christians Against Poverty (Australia) Limited
Level 1, 451 Hunter Street
Newcastle NSW 2300

Directors' Declaration

The directors declare that in the directors' opinion:

- 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;
- the financial statements and notes give a true and fair view of the company's financial position as at 31 December 2019 and of its financial performance for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Director: _____

Paul Derham

Dated: 27/2/20



Director: _____

Robert Fryer

Dated: 27/2/20



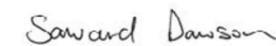
Christians Against Poverty (Australia) Limited

ABN 92 104 471 516

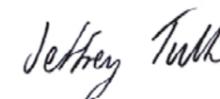
Auditor's Independence Declaration to the Directors of Christians Against Poverty (Australia) Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

- 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
- no contraventions of any applicable code of professional conduct in relation to the audit.



Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Date: 27 February 2020

Christians Against Poverty (Australia) Limited

ABN 92 104 471 516

Independent Audit Report to the members of Christians Against Poverty (Australia) Limited

Opinion

We have audited the financial report of Christians Against Poverty (Australia) Limited, which comprises the statement of financial position as at 31 December 2019, 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 directors' declaration.

In our opinion the financial report of Christians Against Poverty (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 31 December 2019 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* (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 Directors for the Financial Report

The directors 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 directors 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 directors 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Christians Against Poverty (Australia) Limited

ABN 92 104 471 516

Independent Audit Report to the members of Christians Against Poverty (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.

As part of an audit in accordance with the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

Christians Against Poverty (Australia) Limited

ABN 92 104 471 516

Independent Audit Report to the members of Christians Against Poverty (Australia) Limited

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 our audit.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

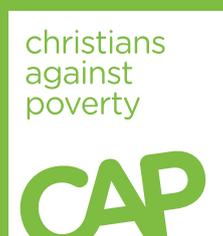
Blackburn

Date: 27 February 2020



“I don't know how to thank CAP. They put a smile back on my face and the song back in my heart.”

– Trixie, CAP Client



Christians Against Poverty 2019 Annual Report

All rights reserved

PO Box 298 Hunter Region MC NSW 2310

ABN: 92 104 471 516 Australian Credit License: 426594

t: 1300 303 929

e: hello@capaust.org

capaust.org