

christians
against
poverty

CAP

Annual Report

2020 | Everyone's Invited

About this report

For the year ended 31 December 2020

This report shows the activities and performance of Christians Against Poverty for the period 1 January 2020 to 31 December 2020. 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

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The CAP Mission

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

CAP Overview

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.





“When the everyday becomes too difficult and heavy and burdensome, to know that [the finances] are managed for you — it’s a huge thing that you take away for people that are going through difficulty.”

Monica & Gideon

christians
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poverty

CAP

A movement of churches serving and including the poor while confidently proclaiming Jesus.



1. The Need

For over 20 years, CAP has equipped a movement of churches to provide the necessary debt counselling and budgeting services needed for Australian families in financial strife.

After a global pandemic, uncertainty and financial distress is rising and impacting a broader group of Australians than ever before.

There are families unable to put food on the table, full of anxiety because they feel out of control. There are people in overwhelming debt who don't know what to do or where to turn. There are many relationships under strain, in the face of financial situations that seem hopeless.

No Australian should live like this. But in partnership with CAP, churches are equipped and encouraged to address the complexities of money in their communities, create long term freedom from financial distress and see lives transformed.

2. How CAP Works

Partner Churches

Programs are run solely through local churches so they can be a beacon of light and carry out Christ's mandate to serve and include the poor in their own communities.

27

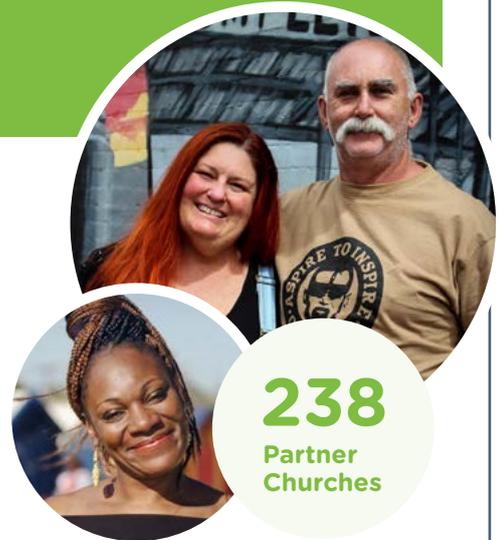
CAP Debt Centres

Clients receive ongoing financial, spiritual and practical support through regular contact with their local CAP Debt Coach (church volunteers).

592

CAP Money Coaches

CAP Money Coaches (church volunteers) provide simple, practical training for anyone who wants to manage their money effectively so they can budget, save and prevent unmanageable debt.



238

Partner Churches

3. Income



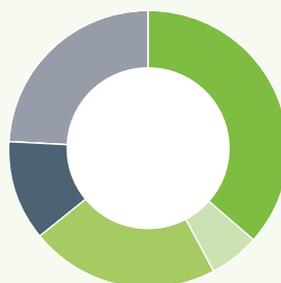
Supporters

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

3,124

Life Changers

CAP Total Income \$3,085,497



- Life Changers: 36%
- Trusts & Grants: 6%
- Fundraising Activities: 22%
- Church Partnerships: 12%
- Government COVID Supplements: 24%

Donate today to see Aussie families released from the burden of overwhelming debt. capaust.org/donate



Ron & Mary's Story

For CAP clients Ron and Mary, life is hard (without even counting the hardships we've all had to endure this year). Their youngest, Amos, is very sick, and the family are living split between the hospital and their home. Mary lives on the ward full-time with Amos to be his carer, giving up her well-paying job rather than returning from maternity leave as planned.

Life in an emergency department

"I took my son into the Emergency Department, and we thought we would be in there for a week, maybe two, tops. He's had lots of surgery and all sorts of different things; the two weeks has turned into 6 months so far."

Mary is at the hospital every single day, and much of this has been during the strictest of lockdown conditions.

"When Amos was in intensive care, my daughter wasn't allowed to visit at all at the hospital, she never got to see him the whole time we were up there. It was even difficult for Ron to visit the hospital, because we do not have family in the area, we had to tag team."

Allira is now able to visit her brother and mother a couple afternoons a week. Being separated from them is hard, and on top of it all she requires speech pathology due to COVID-19 delaying her ear surgery - it's a lot for a 2-year-old to bear.

"She has heaps of anxiety issues and stuff at the moment, she's not sleeping, she's not progressing with her eating, and she's got speech delay problems as well"

The cost is high

Before any of this, Ron and Mary had debt they were trying to get on top of - never could they have imagined the immense financial pressure that was heading their way. Ron is now the only income earner, juggling working and looking

after a 2-year-old, running her between day care and the hospital to spend precious few moments together. Between the high medical expenses and the loss of income, money is tight.

Fortunately, this precious family are getting help from the CAP Debt Centre at a local church. When they lost income and Mary couldn't return to work as planned, CAP was there to do the heavy lifting for them, to negotiate with their creditors through each shift in their circumstances.

The Dumas family may be going through a lot, but they're no longer under the thumb of financial distress. Since they need to be close to a major hospital, they're unable to move to be near either extended family, meaning that CAP and the local church are their main support.

"I don't know what we'd do without the amazing team of prayer warriors behind us. Ron and I honestly wouldn't have survived the past 3 years without CAP.

The church came through for the Dumas family as a place of belonging and care - stepping up to regularly make meals for Ron and Allira while Mary has been in the hospital.

With the church as a community, and CAP as their advocate, Ron and Mary can focus on the most important things - being there for Amos and working towards bringing him home for good, so they can be a family again.

Impact Report 2020

 In partnership with you & the local church



Leadership & Governance

Board of Directors



Paul Derham
Chairman of the Board



Matthew Hunt
Board Member



Cathie Dixon
Board Member



Robert Fryer
Board Member

Leadership Team



Rosie Kendall
Chief Executive



Phill Pickering
Senior Leader -
Services Design



Sally Evans
Senior Leader -
People & Culture



Drew Turner
Finance & Corporate
Services Director



Sam Street
Senior Leader -
Network Partnerships
(commenced June 2020)



Alisha Evans
Senior Leader -
Debt Operations
(commenced June 2020)

“We’re looking forward to things at the moment, which sounds ridiculous in the midst of a pandemic.”

Sarah & Mark





From the CEO

Rosie Kendall

Chief Executive Officer,
CAP Australia

How many times have people said “2020 has been an unprecedented year”? Far too many to count. While the saying is true, in many ways 2020 was exactly the year CAP had planned for. This might sound strange to say about a year marked by the global pandemic, so let me explain.

A key part of our strategy for 2020 was to cut back on some of CAP’s usual activities (such as conference sponsorship and travel) and use these resources to redevelop CAP Money. CAP Money has never been developed locally for an Australian context, so 2020 was planned as the year to spend intentional time developing an authentically Australian product.

2020 saw us stop all church talk activity, all face to face training and all regional travel. Have we missed some of these things? Absolutely, but we survived. So, in a year CAP needed to take a step back and innovate, I am left thinking; maybe 2020 was exactly the year CAP Australia needed? Upon reflecting, my only regret is that we weren’t more aggressive in the planning to cut back!

The outcomes have been exciting. CAP training is now available online, regular webinars are happening to upskill volunteers, and a new CAP Money curriculum has been developed, ready for piloting in 2021.

In March 2020, it became clear that Australia’s economy was going to go through a hard season. Seeing lines of people queuing at Centrelink for Jobseeker payments is something that will stay with me for a very long time. The shock and speed at which people’s lives fell apart was devastating. Financial hardship is not easily overcome, it can take years to recover from the setback of losing a job or a business. So as economic uncertainty continues to fall upon Australia, what is the response of the Church?

My prayer is that CAP can help give Christians the tools needed to bring practical hope to those suffering from financial distress. Thousands of Australians are facing

economic uncertainty, and in that uncertainty, there is fear, anxiety, and loneliness. As Christians, we each have a role to play to see God’s kingdom established here and now, restoring people to right relationship with God and each other. We are called to share our possessions, homes, wisdom and lives with each other so we can face the economic uncertainty together.

CAP does amazing work; you only need to read a CAP testimony to see the incredible work being done by CAP partner churches and the head office team. Last year over \$3.8 million worth of debt was cleared on behalf of CAP clients, 177 families become debt free and nearly 1000 people did the CAP Money course. Through CAP, God is doing amazing things in the lives of individuals and families and I’m passionate about seeing this continue.

However, I believe there is more for CAP to do. Following a year of reflection and innovation, I have fresh passion for the role of the Church in rebuilding Australia post COVID 19. Isolation, the breakdown of community, mental ill health and financial distress are going to all be hurdles to overcome. I believe there is a huge opportunity for the Church to move beyond its walls and bring the hope of Jesus to people that need it.

The Church is going to need to find new ways of building meaningful connections in its community and figure out how can it use its already active, loving community to help people practically. CAP is positioned for such a time as this, churches don’t have the time to reinvent financial capability mentoring for all their outreach programs or community groups, but centrally CAP is ready to train an army of volunteers, armed with the skills and knowledge to help people overcome financial uncertainty.

Thank you for your continued support and encouragement.

**In friendship,
Rosie**



From the Chairman

Paul Derham

Chairman of the Board,
CAP Australia

As you peruse this annual report, you will see evidence of a healthy organisation - flourishing in the midst of a year of uncertainty. The numbers and the stories speak for themselves.

As a charity, CAP strives to empower the local church to serve the community. That's what it did in 2020. And, it finished the year poised to do the same again in 2021.

CAP continues to adapt, re-inventing how it delivers its services, whilst consistently serving those in need.

The efforts of Rosie and her team of 27 staff have been valiant. She rose to the challenges of 2020, and continues to show steady leadership. The staff have worked hard - converting fundraising to a purely online proposition, and deeply researching and improving the way that services are delivered so that CAP can

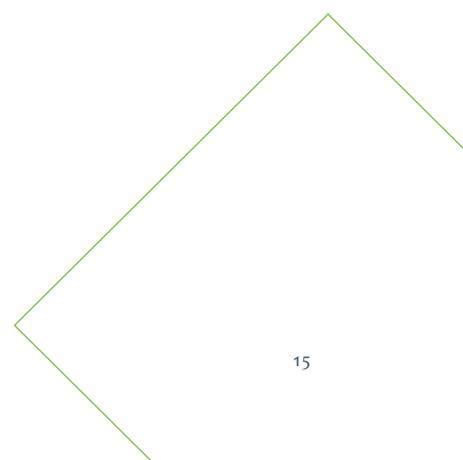
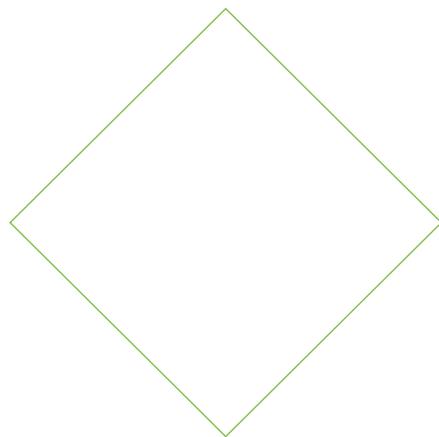
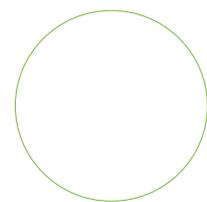
continue to evolve its service to the church and the church's communities. CAP volunteers across the nation were equally impressive, faithfully meeting with existing and new clients, navigating the challenges of the various lockdowns.

But, it doesn't stop there. The staff and volunteers of CAP were only able to thrive thanks to the generosity of the incredible CAP supporters who faithfully gave during an uncertain season.

Maybe you're wanting more information on CAP as an organisation, if it can help you personally or whether your church should get involved. Let me encourage you to read on! This Annual Report is a good news story.

Thank you.

Paul



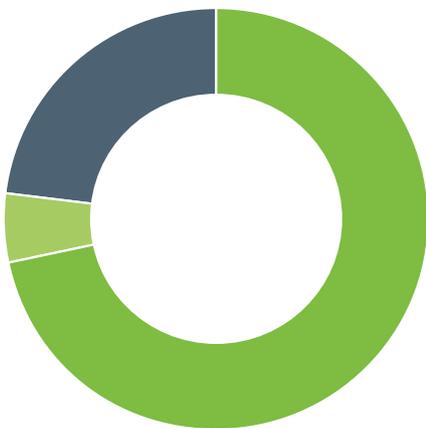
Financial Performance

Income



- Life Changers: \$1,128,685 (36%)**
 Made up of individuals who give a monthly donation to CAP. Whether \$50 or \$100 — they're all Life Changers!
- Trusts & Grants: \$176,000 (6%)**
 CAP strategically applies for grants from philanthropic organisations whose vision aligns with serving and including the poor.
- Fundraising Activities: \$676,544 (22%)**
 One-off donations from various donor appeals, fundraising events, and key supporter proposals.
- Church Partnerships: \$361,518 (12%)**
 From churches who want to serve and include the poor in their communities and have partnered with CAP to do so.
- Government COVID Supplements: \$742,750 (24%)**
 In response to COVID-19 the Australian Government implemented assistance to businesses and organisations that saw a drop in income over a defined period of time in 2020, compared to the same period in 2019. CAP received this subsidy for 8 months of 2020.

Expenditure



- People Power: 72%**
 \$1,702,837 supplied the CAP engine room of 27 people through wages and salaries, the vehicle through which financial advocacy is made possible today and into the future.
- Fundraising & Sustainability: 5%**
 \$122,452 invested into the future sustainability of the organisation through fundraising events and activities.
- Equipping & Resourcing: 23%**
 \$543,329 covered the training and resources required for 27 staff, 238 church partners and 623 volunteers to bring the CAP service to their communities

The result of this expenditure?

Over 1200 people were helped on their journey to financial freedom. Despite being a year characterised by financial hardship, an incredible \$3.8 million in debt was cleared, that would otherwise still weigh heavy on the shoulders of these people and their families.

But while that's an impressive amount of debt cleared, the monetary value only tells a small part of the story. Each individual and family who engaged with a CAP service were prayed for, brought into community and pointed towards Jesus. As finances were ordered, fear and anxiety melted away. As situations seemed insurmountable, courage was brought forth through prayer and support. In a time of isolation, community was made available to the lonely.

Beyond their involvement with CAP in 2020, 1268 lives have been set on a trajectory of life long transformation that begins with their money and ends somewhere far greater. What an investment!

Looking Ahead

3 Year Goals

Increase regular giving and grow the CAP Debt Centre Network sustainably

3 Year Growth Drivers



Internal Alignment



Grow regular giving



Refine Marketing



Innovate CAP Money

2021 Objectives

As part of the three year growth drivers, 2021 is focusing specifically on two areas; increasing regular giving and the sustainability of the CAP Debt Centre Network. Interestingly, both of these areas have been heavily shaken up through COVID, and so the focus on them in 2021 could not be more timely.

1. Increase regular giving

The recruitment of a number of new staff in the Fundraising and Marketing team, including a Senior Leader, will bring fresh focus and energy to caring well for current CAP supporters, as well as identifying and implementing strategies to find new people who are ready to be brought into the CAP family. An increase in regular giving will give CAP the confidence and stability to grow at scale.

2. CAP Debt Centre Network sustainability

Much work has been done in 2020 to identify the pain points for the CAP debt centre network and the barriers to lasting partnership. 2021 will see testing and implementation of solutions to ensure that current and future church partners can be sustainably equipped to bring transformation in the lives of their communities, deeply rooted in a biblical theology of money and redemption and relevant to the Australian financial landscape.

“It’s a pleasure to give,
it’s just a little bit of
reciprocation really. What
you’ve done for us is
amazing, we’re so grateful.”

Sonny & Jo



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Independent Audit Report

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue	2	3,085,497	2,352,233
Employee benefits expense		(1,683,612)	(1,488,831)
Consultants and professional fees		(142,539)	(168,151)
Office expenses		(136,313)	(137,624)
Depreciation and amortisation expense		(109,737)	(108,376)
Marketing and appeal expenses		(63,811)	(69,746)
Travel and entertainment expenses		(61,699)	(189,431)
CAP UK management fees	12	(59,736)	(56,180)
Event expenses		(46,362)	(102,791)
Rent and outgoings		(20,017)	(22,439)
Interest expense on lease liabilities		(12,285)	(15,132)
Other expenses		(32,537)	(24,678)
Surplus/(deficit) for the year		716,879	(31,146)
Total comprehensive income for the year		716,879	(31,146)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

Assets	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	3	1,383,990	698,577
Trade and other receivables	4	8,035	2,963
Other assets	5	111,927	45,709
Total current assets		1,503,952	747,249
Non-current assets			
Trade and other receivables	4	15,992	15,992
Property, plant and equipment	6	81,510	48,464
Right-of-use assets	7	187,637	268,053
Total non-current assets		285,139	332,509
Total assets		1,789,091	1,079,758

The accompanying notes form part of these financial statements.

Liabilities	Note	2020 \$	2019 \$
Current liabilities			
Trade and other payables	8	444,069	381,134
Short-term provisions	9	58,525	42,661
Lease liabilities		81,499	77,840
Other liabilities	10	-	10,900
Total current liabilities		584,093	512,535
Non-current liabilities			
Lease liabilities		115,068	196,816
Long-term provisions	9	32,412	29,768
Total non-current liabilities		147,480	226,584
Total liabilities		731,573	739,119
Net assets		1,057,518	340,639

Equity	Note	2020 \$	2019 \$
Retained earnings		1,057,518	340,639
Total equity		1,057,518	340,639

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2020

2020	Retained Earnings \$	Total \$
Balance at 1 January 2020	340,639	340,639
Surplus/(deficit) for the year	716,879	716,879
Balance at 31 December 2020	1,057,518	1,057,518

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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2020

Cash Flows from Operating Activities	Note	2020 \$	2019 \$
Receipts from customers and donors		2,981,239	2,430,808
Payments to suppliers and employees		(2,195,623)	(2,368,565)
Interest received		605	4,630
Interest paid		(12,285)	(15,132)
Net funds collected/(paid) on behalf of clients		51,933	(115,824)
Net cash provided by/(used in) operating activities	14	825,869	(64,083)

Cash Flows from Investing Activities	Note	2020 \$	2019 \$
Purchase of property, plant and equipment		(62,367)	(28,110)
Net cash provided by/(used in) investing activities		(62,367)	(28,110)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2020

Cash Flows from Financing Activities	Note	2020 \$	2019 \$
Payment of lease liabilities		(78,089)	(73,813)
Net cash provided by/(used in) financing activities		(78,089)	(73,813)
Totals	Note	2020 \$	2019 \$
Net increase/(decrease) in cash and cash equivalents held		685,413	(166,006)
Cash and cash equivalents at beginning of year		698,577	864,583
Cash and cash equivalents at end of financial year	3	1,383,990	698,577

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

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 sufficiently specific performance obligations, the donation, grant or bequest is recognised upon receipt in profit or loss.

Government grants under the Australian Government JobKeeper wage subsidy program have been recognised as revenue when the Company became entitled to receive the grants, which was assessed to be the time at which the salary and wages payments for the eligible JobKeeper fortnight were made to eligible employees.

Government grants under the Australian Government cash flow boost initiative have been recognised as revenue when the Company became entitled to receive the grants, which was assessed to be the time at which the applicable Activity Statements were lodged with the Australian Taxation Office.

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.

1. Summary of Significant Accounting Policies

(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 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.

(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	15-20%
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

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) 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.

Financial assets at 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 at fair value through profit or loss (FVTPL)

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 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.

1. Summary of Significant Accounting Policies

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, 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.

(i) 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.

(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, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

2. Revenue

Revenue from other sources	2020 \$	2019 \$
Donations	2,165,031	2,248,262
Philanthropic grants	176,000	84,800
Government grants (JobKeeper)	642,750	-
Government grants (cash flow boost)	100,000	-
Interest income	605	4,630
Other revenue	1,111	14,541
Total Revenue	3,085,497	2,352,233

3. Cash and Cash Equivalents

Cash and Cash Equivalents	2020 \$	2019 \$
Cash on hand	300	300
Cash at bank - operations	996,555	363,075
Cash at bank - client funds held in trust 8	387,135	335,202
Total	1,383,990	698,577

4. Trade and Other Receivables

Current	2020 \$	2019 \$
Trade receivables	3,519	-
GST receivable	4,516	2,963
	8,035	2,963

Non-current	2020 \$	2019 \$
Deposits	15,992	15,992
	15,992	15,992

5. Other Assets

Current	2020 \$	2019 \$
Prepayments	30,477	45,709
Accrued income	81,450	-
	111,927	45,709

6. Property, Plant and Equipment

	2020 \$	2019 \$
Plant and equipment		
At cost	61,267	58,120
Accumulated depreciation	(47,393)	(41,054)
Total plant and equipment	13,874	17,066
Motor vehicles		
At cost	19,845	19,846
Accumulated depreciation	(19,716)	(16,739)
Total motor vehicles	129	3,107
Computer equipment		
At cost	102,942	71,891
Accumulated depreciation	(61,235)	(43,600)
Total computer equipment	41,707	28,291
Computer software		
At cost	42,802	14,632
Accumulated depreciation	(17,002)	(14,632)
Total computer software	25,800	-
Total property, plant and equipment	81,510	48,464

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	17,066	3,107	28,291	-	48,464
Additions	3,147	-	31,050	28,170	62,367
Depreciation expense	(6,339)	(2,978)	(17,634)	(2,370)	(29,321)
Balance at the end of the year	13,874	129	41,707	25,800	81,510

7. Leases

Right-of-use assets	Buildings \$	Total \$
Balance at the beginning of the year	268,053	268,053
Depreciation expense	(80,416)	(80,416)
Balance at the end of the year	187,637	187,637

8. Trade and Other Payables

Trade and Other Payables	2020 \$	2019 \$
Current		
Trade payables	33,348	22,675
Sundry payables and accrued expenses	23,586	23,257
Client funds held in trust	387,135	335,202
	444,069	381,134

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	2020 \$	2019 \$
Current		
Employee benefits	58,525	42,661
	58,525	42,661
Non-current		
Employee benefits	32,412	29,768
	32,412	29,768

10. Other Liabilities

Other Liabilities	2020 \$	2019 \$
Current		
Contract liabilities	-	10,900
	-	10,900

11. Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company was \$ 578,900 (2019: \$ 341,610).

There are a total of 6 key management personnel in the 2020 financial year (2019: 4).

12. Related Parties

The Company's main related parties are:

- Key management personnel - refer to Note 11.
- 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 11).

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

13. 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	2020 \$	2019 \$
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Financial assets at amortised cost:

Cash and cash equivalents	1,383,990	698,577
Trade and other receivables	19,511	15,992
Total financial assets	1,403,501	714,569

Financial liabilities	2020 \$	2019 \$
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Financial liabilities at amortised cost	444,069	381,134
Total financial liabilities	444,069	381,134

14. Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities	2020 \$	2019 \$
Surplus/(deficit) for the year	716,879	(31,146)
Non-cash flows in result:		
- depreciation	109,737	108,376
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(86,522)	1,608
- (increase)/decrease in prepayments	15,232	(3,307)
- (increase)/decrease in other liabilities	41,033	4,400
- (increase)/decrease in trade and other payables	11,002	(123,222)
- (increase)/decrease in provisions	18,508	(20,792)
Cashflows from operations	825,869	(64,083)

15. 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.

16. 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

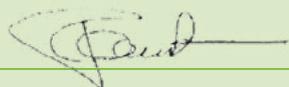
Directors' Declaration

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 2020 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: 11/03/2021

Director: _____



Robert Fryer

Dated: 11/03/2021

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 2020, 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.



Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Date: 18 March 2021

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 2020, 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 2020 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 the directors 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.



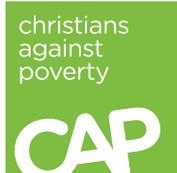
Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Date: 18 March 2021



2020 Annual Report

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