AVI

inviting change

Annual Report

2016-17

Australian Volunteers International

ABN: 88 004 613 067

(A Company Limited by Guarantee)

Financial Report

for the year ended 30 June 2017

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Corporate Information

President	Sam Mostyn
Directors	Kathleen Townsend (Chair) Jennifer Johnston Martine Letts Jenny McGregor (Deputy Co-Chair) Lyma Nguyen Greg Thompson Dean Tillotson Wendy Tyrrell Peter Wilkins (Deputy Co-Chair)
Company Secretary	Paul Bird
Registered office and principal place of business	88 Kerr Street Fitzroy VIC 3065
Bankers	Westpac Banking Corporation
Auditors	Ernst & Young

30 June 2017

Report of the Board

The Board has pleasure in presenting the financial report relating to the activities and affairs of Australian Volunteers International (AVI) as at 30 June 2017 and the auditors' report thereon.

BOARD

The names and details of Board Members in office during the financial year and until the date of this report are as follows. Board Members were in office for the entire period unless otherwise stated.

Sam Mostyn AC B.A., LLB – **President**
Ms Mostyn was appointed to the Board on 31 October 2007, before being appointed President in 2016. Ms Mostyn is a Company Director & Sustainability Adviser. Currently she holds the positions of Commissioner, Business and Sustainable Development Commission; Non -Executive Director, Sydney Swans Ltd, Virgin Australia and Transurban Group; Board Member, The Climate Council; Board Member, ClimateWorks Australia; Non-Executive Director , Mirvac; current President, ACFID; Board Member, Go Foundation; Chair, Carriageworks; Chair, Citibank Australia; and Deputy Chair, Diversity Council Australia.

Kathleen Townsend M. Ed Studies; B.A.; Dip Ed. – **Chair**
Ms Townsend joined the Board on 15 February 2013 and was appointed Chair of the Board on 17 October 2013. Ms Townsend is also an ex-officio member of the Finance, Audit and Risk Management Committee and the Governance Committee. Ms Townsend is Managing Director of Kathleen Townsend Executive Solutions Pty Ltd, Deputy Chancellor, Swinburne University of Technology and a former AVI volunteer in Malaysia.

Jennifer Johnston B.A. Comms and Eng, Comp Lit.
Ms Johnston was appointed to the Board on 11 April 2014 and has 20 years' experience in public policy and communication. She has held senior roles in small business, government, and corporate sectors and is the Executive Director of Singapore-based hepatitis advocacy group, CEVHAP.

Jenny McGregor B.A. (Hons), Dip. Ed., AM – **Deputy Co-Chair**
Ms McGregor was appointed to the Board on 12 June 2009. She is also Chief Executive Officer of Asialink, University of Melbourne.

Greg Thompson B.Econ. B.Div. B.Ed.Studs TSTC
Mr Thompson was appointed to the Board on 10 October 2008 and is a member of the Finance, Audit and Risk Management Committee. Mr Thompson is also the Executive Director, International Transparency International Australia.

Peter Wilkins B Mech Eng, MSc, PhD – **Deputy Co-Chair**
Dr Wilkins was appointed to the Board on 27 June 2014 and is an Adjunct Professor, Curtin University, Honorary Research Fellow, Murdoch University, former West Australian Deputy Ombudsman and a former Australian volunteer in Malaysia. Dr Wilkins has also been Chair of the Governance Committee since March 2016.

Lyma Nguyen B.A, LLB, GDLP, LLM
Ms Nguyen was appointed to the Board on 12 November 2014. Ms Nguyen is a barrister at William Forster Chambers in Darwin, practising both domestically and internationally in criminal law, migration and refugee law, civil reparations, immigration law and human rights. Ms Nguyen is a Returned AVI Volunteer, having worked as an International Criminal Law Adviser with Legal Aid Cambodia from July 2010 to February 2011.

Dean Tillotson B.A, M.B.A.
Mr Tilloston was appointed to the Board on 27 August 2015 Mr Tillotson is also the Chair of the Finance, Audit and Risk Management Committee. Mr Tillotson is the Executive Director Corporate Services for Public Transport Victoria Principal.

Martine Letts B.A (Hons)
Ms Letts was appointed to the board on 27 August 2015. Ms Letts is CEO, Committee for Melbourne and a Member of the Australian Institute of Company Directors.

Wendy Tyrrell Assoc. Dip, B.Sc, M.A.
Ms Tyrrell was appointed to the board on 27 August 2015, and a Non-Executive Director at Transparency International Australia since 2012.

COMPANY SECRETARY

Paul Bird B.Sc (Finance & Econ), M.A. (International & Community Development), CA.

EXECUTIVE MANAGEMENT TEAM

Paul Bird, Chief Executive Officer B.Sc (Finance & Econ), M.A. (International & Community Development), CA
Paul joined AVI as CEO in May 2015. Paul has managed KPMG in West Africa, worked in Croatia and Bosnia during the conflict and the Philippines on an earthquake rehabilitation programme, before returning to Melbourne, holding leadership roles with the Brotherhood of St Laurence, Australian Red Cross Blood Service, Very Special Kids, The Body Shop, Mission Australia, World Vision and YSAS.

Emma Hess, Executive Manager - Partnerships B.Ed, M.B.A., M.I.D.E.A.
Emma joined AVI in 2001 and has held several management positions relating to AVI's international projects and business development. Prior to AVI, Emma work for The Wilderness Society and undertook a long-term volunteer assignment in Kenya.

Mark Deasey, Executive Manager – Programs
Mark has worked in the field of international development and humanitarian relief for over thirty years, gaining extensive overseas experience both as a volunteer and salaried staff. He worked in Lebanon in the early 1980s during the country's civil war; Cambodia from 1988 to 1992; and Indonesia from 2007 to 2010. Prior to joining AVI in 2011, Mark was with Oxfam Australia for 14 years. He has also worked as an independent consultant in the fields of program design, evaluation and strategic planning.

Clare Verberne, Executive Manager – Communications
Beginning her career in journalism, Clare transitioned into public relations and marketing roles, before pursuing her interest in community engagement and public affairs work. She has worked on projects across Australia, the US, UK and Indonesia in stakeholder research and engagement, strategic communications and cross-sector partnerships for sustainable development. Clare's experience includes working with ABC, Rio Tinto, Fauna & Flora International and Burson Marsteller. She holds international accreditation as a Partnership Broker.

Nesreen Bottriell, Executive Manager – Operations
Nesreen oversees AVI's operational and corporate support functions, including management of the recruitment, mobilisation and deployment of volunteers, along with the finance and information technology systems and infrastructure.
Having completed a Masters of Business Administration and as a CPA qualified accountant, Nesreen has worked in leadership roles across creative industries, not-for-profit and public service environments. Nesreen's focus is the continued delivery of efficient and cost effective business models to enable the best international development outcomes.

Elissa O'Malley, Executive Manager - People and Organisational Development
After establishing her career in the health and community sectors, Elissa has worked with AVI for the past 15 years in a broad variety of roles. Her experience has ranged from managing the Australian Program Operations to Pacific Regional Operations and AVI's global Human Resources function.

DIVIDENDS

No dividends are paid, in line with the company's Constitution and not-for-profit status.

PRINCIPAL ACTIVITIES

AVI's principal activities during 2016/17 were to:

- Recruit, prepare and support Australian volunteers to live, work and learn in partnership with developing communities internationally.
- Work with individuals, organisations and communities overseas to identify development priorities.
- Promote opportunities and assess candidate suitability for working in an overseas development capacity.
- Develop enduring partnerships with communities in Australia and host organisations overseas.
- Be an advocate for the recognition of volunteering as an ethical and effective form of development co-operation.
- Provide opportunities for private and public sector organisations to build strong organisational and people to people relationships with overseas host organisations.
- Raise funds for these activities through government funding annual appeals and regular giving programs.
- Provide fee-for-service training to personnel in commercial organisations.
- Provide executive recruitment activities for organisations working in the not-for-profit or community sectors.

There were no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS

Project	Status
Australian Volunteers for International Development (AVID)	AVI and the Department of Foreign Affairs and Trade (DFAT) have a 5 year partnership agreement whereby DFAT funds AVI to recruit, mobilise, deploy and support Australian Volunteers working in developing communities overseas. Throughout the financial year to 30 June 2017, AVI mobilised 267 volunteers and delivered a total of 2,789 volunteer months. The funding for this program is disclosed as Grant Income.
Student programs	AVI managed 11 projects in partnership with Macquarie University, University of Melbourne, Victoria university with 82 students participating in community development activities in India, Indonesia, Vietnam, Cambodia, and Fiji.
Humanitarian programs	AVI is a partner in Plan International's consortium with DFAT's Australian Humanitarian Partnerships program and has commenced disaster preparedness capacity building work for local agencies in the Pacific.
Shared value programs	In partnership with The Intrepid Group, AVI has designed and is trialling a sustainable business hub in Myanmar under DFAT's Business Partnerships Platform program.
Other Services	AVI is providing a range of commercial services including country-specific briefings, cross-cultural effectiveness training, recruitment and advisory services to organisations that are seeking to enhance their ability to undertake business internationally.

Cash Reserves	Cash surplus to requirements was invested in a series of short term deposits during the year, generating $83k of interest income. AVI's investment strategy is to continue to invest surplus cash in low risk investments.
Organisational Overheads	AVI continued to maintain tight control over the overhead costs.

The table below summarises the activity across all projects managed by AVI during 2016/17.

Program	Funder	Total Assignments	New Deployees	Deployee Months
AVID	DFAT, in-country and Australian partner organisations	507	267	2,789
Students	Macquarie University University of Melbourne Victoria University	82	82	138
Other Projects	Various	14	13	91
2016/17 TOTAL DEPLOYEES		**603**	**362**	**3,018**
2015/16 TOTAL DEPLOYEES		*670*	*332*	*2,779*

OUR STRATEGIC OBJECTIVES

AVI recognises that the most effective and sustainable change is locally owned and led. During 2016/17, AVI continues its 66 year commitment to enabling economic and social development outcomes in developing countries in South America, Africa, Asia and the Pacific through people-to-people development.

Throughout its history, AVI's core ethos is that deployees live and work with their colleagues and so over time build the mutual respect and trust needed to be effective change agents and achieve outstanding development outcomes. It is only through these relationships with local people and organisations that outsiders are able to support change which is relevant and adapted to local context, power and opportunities.

At the same time, as a change of life experience, deployees undergo their own development with their professional skills and personal competencies.

AVI will continue to combine the organisation's extensive cross-sector networks with an evidence-based development approach, to:

- Provide the high-quality support and scale needed to drive multi-generational change that significantly improves peoples' lives and creates life-changing experiences through volunteering;
- Respond to the social and economic aspirations of communities by realizing development opportunities through mutual learning and knowledge exchange; and
- Enhance cross-cultural understanding and engage Australians to embrace new experiences that will have an ongoing positive impact both abroad and at home.

OPERATING AND FINANCIAL REVIEW

Organisational overview

During the year ended 30 June 2017, AVI has continued to meet the contractual obligations of the AVID program and other contracts.

OPERATING RESULTS FOR THE YEAR

AVI recorded an operating surplus of $3.5m for the 2016/17 financial year, which includes a one off gain of $5.8m for the sale of the Argyle Street, Fitzroy property. This compared to a continuing operations net deficit of $855k and a total comprehensive surplus of $1.8m in the 2015/16 financial year.

Analysis of Revenue

AVI revenue totalled $25.5m this financial year, including $5.8m representing the net surplus from the sale of the Argyle Street property. Operating revenue was $19.7m representing a 3% increase from the previous year. Revenue can be further analysed as follows:

- Grant revenue for the AVID program increased by $772k (5%) in 2016/17, and total volunteer months increased by 13% from 2,464 in 2015/16 to 2,789 in 2016/17.
- Donation income reduced by 55% from $142k in 2015/16 to $64k due to AVI having one appeal this year, compared to two previously.
- Investment revenue decreased by $66k (44%) as a result of lower cash balances throughout the year combined with lower interest rates.

Analysis of Expenditure

Expenditure in 2016/17 increased by $2.1m (10%) from previous year's expenditure, and represents 112% of operating revenue compared to 104% in 2015/16. Expenditure can be analysed as follows:

- Funds to international programs represent funds spent directly overseas. These increased by $1.5m from FY 2015/16 and accounted for 61% of the total expenditure compared to 60% in FY2015/16. Funds to International Programs represented 68% of operating revenue in 2016/17and 62% of operating revenue in 2015/16. The increase was predominantly attributable to increased operational costs in Papua New Guinea and Solomon Islands.
- Program support costs are incurred in Melbourne directly supporting AVI's overseas projects through incident management, recruitment and briefing activities. These costs increased by $119k and accounted for 19% of total expenditure in FY 2016/17 compared to 20% in FY2015/16. Funds project support costs represented 21% of operating revenue in FY 2016/17, proportionately the same as 2015/16 (21%).
- Community education costs are associated with increasing the Australian public's awareness of the achievements of AVI program participants. AVI had a strategic commitment to increase public awareness, public diplomacy and Australian Volunteering in FY 2016/17 and the increase of expenditure of $279k (50%) is reflective of this commitment. However, expenditure only increased by 1% of operating income and 1% of overall expenditure from FY 2015/16.
- Fundraising costs increased by $297k FY 2016/17 and represented 2% of income and 2% of operating expenditure in FY 2016/17compared to less than 1% in FY2015/16. The increase in

expenditure was directly attributable to the costs associated with preparation of the Australian Volunteers Program tender, which AVI was successful.

- This year, AVI provided $555k in staff redundancies due to the organisational restructuring required to meet the requirements of the new Australian Volunteers Program.
- Accountability and administration are costs associated with maintaining the office in Melbourne and the organisational support costs. They include Board approved initiatives that are in line with AVI's strategic direction in supporting businesses improvement, new business initiatives and diversification of activities. Expenditure in building efficiency in the FY 2015/16 were realised. There was a decrease of $111k in compared to FY 2015/16, representing 16% of income compared to 17% in FY 15/16 and 14% of expenditure compared to 16% in FY 2015/16

INCOME TAX

No income tax is payable as the company is an income tax exempt charity.

EMPLOYEES

At 30 June 2017 AVI employed 63 employees, full time equivalent (FTE) 59, compared to 69 employees (FTE 64.6) as at 30 June 2016.

Employees include employees on extended leave, leave without pay and parental leave but excludes contractors engaged through agencies.

AVI'S CORPORATE GOVERNANCE STATEMENT

AVI is a registered charity and not-for-profit Australian company limited by guarantee, which is endorsed by the Australian Taxation Office as an income tax exempt charity and deductible gift recipient.

AVI is also a signatory to the ACFID Code of Conduct and is committed to meeting all the Code's requirements. AVI's Constitution sets the purpose of the organisation and its governance arrangements.

President

A Company President may be appointed by the Board to preside over the Annual General Meeting and represent the organisation in such a manner as the Board and President agree. The President is not (unless otherwise admitted) a member of the company and does not have the right to vote at a General Meeting. The current President is Ms Sam Mostyn AC.

Board Structure

The Board currently comprises nine appointed Directors, with provisions allowing for a maximum of ten appointed Directors. At least one third, but not more than two thirds, of the Directors on the Board are required to be Returned Volunteers. The Board seeks an appropriate diversity and mix of skills in order to fulfil its governance responsibilities and advance the strategic interests of the organisation.

Board Role and Responsibilities

The first responsibility of the Board is its duty of care to the organisation. The Board also has a primary concern for the interests and aspirations of the organisation's stakeholders, including: members, volunteers (past, current and prospective), partner organisations in Australia and overseas, staff, supporters and funders.

The Board is responsible for setting the ethical framework and defining and nurturing the organisation's fundamental values. Board members must abide by the Code of Ethics and Proper Practice Policy which is committed to the adoption of ethical conduct in all areas of its responsibilities and authority.

The Board fulfils its role by:

- Appointing and delegating the organisation's operational management to the Chief Executive Officer.
- Setting the strategic directions and policies for the organisation.
- Approving and monitoring progress against the strategic plan and annual budget.
- Monitoring the overall performance of AVI and ensuring that the organisation meets all its compliance obligations.
- Setting the organisation's risk appetite and ensuring robust risk management.
- Acting as an advocate for AVI, as appropriate.

Board Committees

The Board establishes committees to facilitate the practical work of its governance role and responsibilities. Committees typically comprise Directors plus independent members who extend and complement the Board's skills, while also providing a measure of external objectivity. Board committees are also supported by the advice and work of AVI employees, as required. The following committees were in operation during 2016/17:

- Finance, Audit and Risk Management (FARM) Committee; and
- Governance Committee

Board Performance and Professional Development
The Board undergoes an annual performance assessment to ensure it is meeting its own performance expectations and those of the organisation's stakeholders. This assessment is complemented by regular attention to Directors' professional development requirements in order that an appropriately skilled Board will be able to perform as required and expected. All new Directors receive an induction manual and undergo a formal induction process, which includes face-to-face meetings with Executives and other employees.

Board Remuneration
All Directors serve on the Board in a voluntary capacity and do not receive any form of remuneration. They can be reimbursed for reasonable expenses directly related to Board activities such as travel and meal expenses.

Conflicts of Interest
The Board Charter and Governance Policies commit Directors to ethical conduct in all areas of their responsibilities and authority and also place great importance on making clear any existing or potential conflicts of interest. The Board's Conflicts of Interest Policy provides clear guidelines in relation to conflicts of interest. At the operational level, the AVI Staff Code of Conduct commits employees to disclose, and take reasonable steps to avoid, any real or apparent conflict of interest.

Risk Management
AVI takes a proactive approach to risk management. The Board has a role to characterise risks and ensure that strategies to minimise or mitigate these are put in place and implemented. To enable this, AVI has a well-established Finance, Audit and Risk Management Committee consisting of Directors and independent members with responsibility for overseeing the identification and management of the risk issues facing the organisation.

Members' Guarantee
Pursuant to the Constitution of AVI every Ordinary Member has undertaken that during their membership or within one year afterwards, they shall, in the event of deficiency or winding up, contribute an amount not exceeding $20. AVI currently has nine Ordinary Members, being all of the Directors of the Board. Life Members, Associates or Patrons of AVI are not considered to be Ordinary Members.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The sale of 71–75 Argyle Street, Fitzroy, reported in last year's Financial Report was completed in the year.

SIGNIFICANT CHANGES IN AFFAIRS AFTER THE BALANCE DATE

AVI was successful in the tender for DFAT's new Australian Volunteer program. AVI commenced this contract on 17 July 2017.

ENVIRONMENTAL REGULATION AND PERFORMANCE

AVI is a stakeholder in the global community and, as a good corporate citizen, it gives proper consideration to the care of, and minimises adverse environmental impacts on, native flora, fauna and community heritage that come under its responsibility.

AVI has not knowingly breached any Regulation in the jurisdictions within which it operates.

DIVERSITY & GENDER

AVI recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. AVI believes its diverse workforce is the key to its continued growth, improved productivity and performance. AVI actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. AVI has an Equal Opportunity/Diversity Management Policy which sets out the roles and responsibilities of AVI employees.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Insurance and indemnity arrangements established in the previous years concerning Board Members and staff were covered by the Directors and Officers Liability Policy.

An indemnity agreement has been entered into between AVI and each Board Member of the company, and with the full-time Chief Executive Officer and Executive Managers. Under the agreement, AVI indemnifies those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities.

For 2016/17, AVI paid an insurance premium of $5,850 in respect of a contract insuring each Board Member and the full-time Chief Executive Officer and Executive Managers of AVI against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

BOARD MEETINGS

During 2016/17, there were seven Board meetings and eight Committee meetings. The attendances at these meetings were:

	Board		Finance and Risk Management (FARM) Committee		Governance Committee	
Member	Max no possible	Attended	Max no possible	Attended	Max no possible	Attended
K Townsend	7	6	4	4	4	4
P Wilkins	7	7			4	4
J McGregor	7	6				
G Thompson	7	7	4	3		
D Tillotson	7	7	4	3		
L Nguyen	7	7			1	1
W Tyrrell	7	6	4	3		
M Letts	7	7			4	4
J Johnston	7	6				

Independent advisers acting on the committees of the Board during the year were:

C Fogarty					2	1
J Marcard			4	2		

AUDITOR INDEPENDENCE

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Auditor's Independence Declaration to the Directors of Australian Volunteers International

In relation to our audit of the financial report of Australian Volunteers International for the financial year ended 30 June 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Paul Gower
Partner
16 October 2017

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017	Notes	2017 $	2016 $
Continuing operations			
Revenue			
Donations and gifts – monetary		64,166	142,516
Grants:			
DFAT		17,690,296	16,917,648
Prime Minister & Cabinet		57,923	66,811
Rendering of services		1,754,071	1,790,435
Investment income		83,252	149,463
Other income	5 (c)	5,811,412	25,540
TOTAL REVENUE		25,461,120	19,092,413
Expenditure			
International aid and development programs expenditure	4.1 (a)		
International programs:			
Funds to international programs		13,396,378	11,919,505
Program support costs		4,186,038	4,067,360
Community education		836,456	557,016
Fundraising costs:			
Public		-	16,075
Government, multilateral and private		333,589	19,971
Accountability and administration	4.2	3,062,359	3,173,905
Foreign Currency Exchange Loss		116,571	115,076
Total International Aid and Development Programs Expenditure		21,931,391	19,868,908
Domestic projects		51,923	78,592
TOTAL EXPENDITURE		21,983,314	19,947,500
CONTINUING OPERATIONS DEFICIT FOR THE YEAR		3,477,806	(855,087)
Other Comprehensive Income			
Movement in Revaluation Reserve		-	2,671,648
Total Other Comprehensive Income			
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		3,477,806	1,816,561

During the financial year, the organisation had no transactions in the international, political or religious proselytisation programs, bequests and legacies, non-monetary donations and gifts, other Australian grants, other overseas grants, finance costs and non-monetary expenditure categories.

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

Consolidated Statement of Financial Position

As at 30 June 2017	Notes	2017 $	2016 $
Current Assets			
Cash and cash equivalents	8	12,040,423	2,535,889
Trade and other receivables	7	405,290	5,205,963
Prepayments		869,511	885,173
Assets classified as held for sale	5	-	1,971,648
Other current assets		1,861	3,627
TOTAL CURRENT ASSETS		13,317,085	10,602,300
Non-Current Assets			
Property, plant and equipment	5	8,055,340	7,996,351
Intangible assets	6	196,010	195,782
TOTAL NON-CURRENT ASSETS		8,251,350	8,192,133
TOTAL ASSETS		21,568,435	18,794,433
Current Liabilities			
Trade and other payables	9	613,802	886,970
Deferred income	10	3,786,581	4,441,035
Provisions	11	1,107,860	672,965
Current tax liabilities		247,360	499,619
TOTAL CURRENT LIABILITIES		5,755,603	6,500,589
Non-Current Liabilities			
Provisions	11	169,309	128,127
TOTAL NON-CURRENT LIABILITIES		169,309	128,127
TOTAL LIABILITIES		5,924,912	6,628,716
NET ASSETS		15,643,523	12,165,717
EQUITY			
Revaluation reserve		6,470,627	7,943,235
Retained surplus		9,172,896	4,222,482
TOTAL EQUITY		15,643,523	12,165,717

At the end of the financial year, AVI had no balances in the other financial assets, inventories, investment property, borrowings, non-current payables and other financial liability categories.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017	Notes	Retained surplus $	Revaluation reserve $	Total $
Balance at 1 July 2015		5,077,569	5,271,587	10,349,156
Net deficit		(855,087)	-	(855,087)
Other Comprehensive Income		-	2,671,648	2,671,648
Balance at 30 June 2016		4,222,482	7,943,235	12,165,717
Balance at 1 July 2016		4,222,482	7,943,235	12,165,717
Net surplus		3,477,806	-	3,477,806
Transfer of Revaluation reserve to Retained surplus	5 (c)	1,472,608	(1,472,608)	-
Balance at 30 June 2017		9,172,896	6,470,627	15,643,523

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017	Notes	2017 $	2016 $
OPERATING ACTIVITIES			
Government grants and other income		22,738,731	13,126,071
Payments to participants and suppliers		(15,551,888)	(12,914,460)
Payments to employees		(5,983,105)	(7,267,476)
Net Cash Flows from (used) Operating Activities		1,203,738	(7,055,865)
INVESTING ACTIVITIES			
Interest received		83,252	149,463
Sale of property, plant and equipment and intangible assets	5 (c)	8,544,900	-
Purchase of property, plant and equipment and intangible assets		(210,785)	(546,657)
Net Cash Flows from (used) Investing Activities		8,417,367	(397,194)
FINANCING ACTIVITIES			
Net increase (decrease) in cash and cash equivalents		9,621,105	(7,453,059)
Net foreign exchange differences		(116,571)	(115,076)
Opening cash and cash equivalents		2,535,889	10,104,024
Cash and cash equivalents at the end of the financial year	8	12,040,423	2,535,889

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

1. CORPORATE INFORMATION

The consolidated financial report of Australian Volunteers International (AVI) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 6 October 2017.

Australian Volunteers International is a company limited by guarantee incorporated in Australia. In July 2014, AVI obtained control of VOICE Australia a company limited by guarantee incorporated in Australia. This report presents the consolidated account of these two entities of which AVI is the parent entity.

The nature of the operations and principal activities of the organisation are described in the directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for land and buildings, which have been measured at fair value.

The financial report is presented in Australian dollars ($). The financial statements provide comparative information in respect of the previous period.

2.2 Statement of Compliance

AVI has adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2013.

The Group is a not-for-profit, private sector entity which is not publicly accountable. Therefore the financial statements are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements are prepared in accordance with the Code of Conduct Summary Financial Report Format found in the Guidance Document to the ACFID Code of Conduct.

2.3 Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2017. Control is achieved when the Group has the majority of voting rights of the entity. Assets, liabilities, income and expenses of a subsidiary acquitted or disposed of during the

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Current versus non-current classification:

AVI presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in AVI's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

AVI classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in AVI's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlements of the liability for at least twelve months after the reporting period.

AVI classifies all other liabilities as non-current.

(b) **Foreign Currency Translation**

Both the functional and presentation currency of Australian Volunteers International is Australian dollars ($).

(i) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency spot rates at the date the transaction first qualifies for recognition.

Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to AVI and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. AVI has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

(i) Rendering of services

Revenue from the recruitment and placement of volunteers is recognised in line with the contractual terms of the assignment.

Where funds are received in advance of expenditure on contracts, revenue from such contracts is recognised by reference to the stage of completion of a contract. Stage of completion is measured by reference to contractual terms of the assignment.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in investment income in the statement of comprehensive income.

(iii) Donation income

Income from donations, legacies and bequests is recognised on receipt of the funds unless the donations are tied donations. In these circumstances, the donations are held until applied to the program they are allocated. AVI undertakes all fundraising activities internally and does not engage the services of third party fundraising organisations. AVI does not share donor information with any other organisation.

(d) Government Grants

Government grants are recognised as income when the organisation gains control of the funds.

(e) Income and other taxes

No income tax is payable as AVI is an income tax exempt charity.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(f) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, AVI recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use in included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value, based on annual valuations by an external independent valuation team, less accumulated depreciation on buildings and less impairment losses recognised after the date of revaluation.

A revaluation surplus is recorded in the statement of comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, the increase is recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Building Improvements – 10% per annum	Furniture and Fittings - 15% per annum
Computer Hardware - 33% per annum	Motor Vehicles - 22.5% per annum
Office Equipment - 15% per annum	Land – not depreciated

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is de-recognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Leases

AVI has entered several operating leases and has no finance leases. Operating lease payments are recognised as an operating expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Gains and losses arising from de-recognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is de-recognised.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that AVI commits to purchase or sell the asset.

AVI's financial assets include cash and short-term deposits, trade and other receivables, and other receivables.

Subsequent measurement

For the purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Loans and receivables

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

AVI has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as financial costs (negative changes in fair value) or finance income (positive changes in fair value) in the statement of profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in operating expenses for receivables.

(j) Financial instruments

This category generally applies to trade and other receivables. For more information on receivables, refer Note 7.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when AVI has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired; or

- AVI has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) AVI has transferred substantially all the risks and rewards of the asset, or (b) AVI has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When AVI has transferred its rights to receive cash flows from an asset it has entered into a pass-through arrangement, it evaluates it and to what extent it has retained the risks and rewards of ownership. When AVI has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, AVI continues to recognise the transferred asset to the extent of AVI's continuing involvement. In that case, AVI also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that AVI has retained.

ii) Impairment of financial assets

AVI assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments,

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, AVI first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If AVI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to AVI. If, in a subsequent year, the amount of the estimate impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. AVI's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired or incurred for the purpose of selling or repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. AVI has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of non-financial assets

AVI assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, AVI estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciate, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

(k) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

(l) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

General

Provisions are recognised when AVI has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When AVI expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Wages, salaries, and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service and annual leave

AVI does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. AVI recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Redundancy

AVI recognises a liability for redundancy payments only when a detailed plan identifies the area of the organisation to be affected. The provision is based on a detailed estimate of the costs based on the employees affected.

(n) Fair value measurement

AVI measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by AVI.

(o) Fair value measurement (Cont'd)

That fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

AVI uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, AVI determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

AVIs FARM committee determines the policies and procedures for both recurring fair value measurement and for non-recurring measurements.

External valuers are involved for valuation of significant assets, such as properties, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually.
Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

(p) Assets classified as held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Notes to the Financial Statements (continued)

30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Costs to sell are the incremental costs directly attributable to the sale or distribution, excluding the finance costs and income tax expense.

The criteria for held for sale is regarded as met only when the sale is highly probable and the asset is available for immediate sale. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made. Management must be committed to the sale within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or distribution.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of AVI's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. AVI based its assumptions and estimate on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of AVI. Such changes are reflected in the assumptions when they occur.

i) Revaluation of property, plant and equipment

AVI measures land and buildings at fair value with changes in fair value being recognised in the Revaluation Reserve. AVI engaged independent valuation specialists to assess fair value as at 12 May 2017. The valuer used a valuation technique based on comparable market data. The AVI constitution requires revaluation biennially.

ii) Impairment of non-financial assets other than indefinite life intangibles.

AVI assess impairment of all assets at each reporting date by evaluating conditions specific to AVI and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined.

iii) Impairment of intangibles with indefinite useful life

Notes to the Financial Statements (continued)

30 JUNE 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

AVI determines whether intangibles with indefinite useful lives are impaired at least on an annual basis.

iv) Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. A degree of judgement is required in establishing fair value. Judgement includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 June 2017, the carrying amount of capitalised developments costs was $196,010 (2016: $195,782).

This amount includes the investment in the development of a new volunteer payment system. AVI is confident that this system will continue to provide benefits over its useful life.

Business combinations

In July 2014, AVI took over control of VOICE Australia, a company limited by guarantee. AVI has managed the day to day operations of VOICE since this time and as such has consolidated VOICE financial reports with their own. Transactions between the two organisations have been eliminated from the financial statements.

Notes to the Financial Statements (continued)

30 JUNE 2017

4. OTHER INCOME/EXPENSES AND ADJUSTMENTS

4.1 OTHER OPERATING EXPENSES

a) International Aid and Development programs expenditure

International programs have been separated into "Funds to international programs" and "Program support costs", to comply with ACFID Code of Conduct requirements.

b) Other Operating Expenses

	2017 $	2016 $
Audit fees and other services	49,243	50,227
Bad and doubtful debts	192,266	-
Leases	318,643	51,552

4.2 DEPRECIATION AND AMORTISATION INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME

	2017 $	2016 $
Depreciation of property, plant and equipment	79,722	69,642
Amortisation of Intangible assets	71,846	11,563

4.3 EMPLOYEE BENEFITS EXPENSE

	2017 $	2016 $
Wages and salaries	6,516,348	6,817,853

Notes to the Financial Statements (continued)

30 JUNE 2017

5. PROPERTY, PLANT AND EQUIPMENT

	2017 $	2016 $
Freehold Land		
At Valuation	7,600,000	6,900,000
Increase resulting from fair value revaluation	-	2,671,648
Amount transferred to assets classified as held for sale	-	(1,971,648)
Net Book Value	7,600,000	7,600,000

	Building Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
Year ended 30 June 2017						
At deemed cost	**385,561**	**82,826**	**111,104**	**56,245**	**580,899**	**1,216,635**
Additions	59,660	58,597	7,990	-	12,464	138,711
Disposals	(60,847)	-	(281)	-	(37,128)	(98,256)
Closing balance	**384,374**	**141,423**	**118,813**	**56,245**	**556,235**	**1,257,090**

	Building Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
Depreciation and impairment						
At 30 June 2016	**94,188**	**61,970**	**77,664**	**49,541**	**536,921**	**820,284**
Depreciation for the year	40,678	12,362	6,908	523	19,251	79,722
Disposals	(60,847)	-	(281)	-	(37,128)	(98,256)
At 30 June 2017	**74,019**	**74,332**	**84,291**	**50,064**	**519,044**	**801,750**
Net book value						
At 30 June 2017	310,355	67,091	34,522	6,181	37,191	455,340

Notes to the Financial Statements (continued)

30 JUNE 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
Year ended 30 June 2016						
At deemed cost	**97,189**	**85,592**	**79,194**	**90,926**	**569,782**	**922,683**
Additions	288,372	-	31,910	-	31,984	352,266
Disposals	-	(2,766)	-	(34,681)	(20,867)	(58,314)
Closing balance	**385,561**	**82,826**	**111,104**	**56,245**	**580,899**	**1,216,635**

	Building Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
Depreciation and impairment						
At 30 June 2015	**90,739**	**57,693**	**76,213**	**60,685**	**521,676**	**807,006**
Depreciation for the year	3,449	5,684	1,451	23,537	35,521	69,642
Disposals	-	(1,407)	-	(34,681)	(20,276)	(56,364)
At 30 June 2016	**94,188**	**61,970**	**77,664**	**49,541**	**536,921**	**820,284**
Net book value						
At 30 June 2016	291,373	20,856	33,440	6,704	43,978	396,351

Notes to the Financial Statements (continued)

30 JUNE 2017

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Reconciliation of carrying amounts

	2017 $	2016 $
Freehold Land	7,600,000	7,600,000
Plant and equipment book value	455,340	396,351
Net Book Value	8,055,340	7,996,351

a) Revaluation of land and buildings

AVI engaged Savills an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined directly by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date. The effective date of the revaluation was 12 May 2017.

b) Property, plant and equipment pledged as security for liabilities

Land and buildings with a fair value of $7,600,000 are subject to a first charge to secure AVI's overdraft facility.

c) Sale of Property

AVI classified the property (71-75 Argyle Street, Fitzroy, VIC 3065) as held for sale amounting to $1,971,648 as at 30 June 2016. A gain of $5.8m was recognised in the statement of comprehensive income during the year, a total gain of $7.3m was made on the sale of the land with $1.5m recognised through increased revaluations in prior years.

Notes to the Financial Statements (continued)

30 JUNE 2017

6. INTANGIBLE ASSETS

a) Reconciliation of carrying amounts at the beginning and end of the period.

	Development Costs
Cost	
At 30 June 2016	**784,085**
Additions	72,074
Disposals	-
At 30 June 2017	**856,159**
Amortisation and impairment	
At 30 June 2016	588,303
Amortisation for the year	71,846
Disposals	-
At 30 June 2017	660,149
Net book value 30 June 2017	196,010

	Development Costs
Cost	
At 30 June 2015	**589,694**
Additions	194,391
Disposals	-
At 30 June 2016	**784,085**
Amortisation and impairment	
At 30 June 2015	576,740
Amortisation for the year	11,563
Disposals	-
At 30 June 2016	588,303
Net book value 30 June 2016	195,782

Notes to the Financial Statements (continued)

30 JUNE 2017

7. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Trade and other receivables	597,556	5,205,963
Allowance for Bad Debts	(192,266)	-
Total Trade receivables	405,290	5,205,963
Total	405,290	5,205,963

Trade receivables are non-interest bearing and generally on 14 day terms. An allowance for doubtful debts has been made as there is objective evidence that consideration for contracted services rendered performed by AVI may not be received. The matter is ongoing. AVI does not have credit insurance.

8. CASH AND SHORT-TERM DEPOSITS

	2017 $	2016 $
Cash at bank and in hand	12,040,423	2,535,889
Total	12,040,423	2,535,889

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of AVI, and earn interest at the respective short-term deposit rates.

Notes to the Financial Statements (continued)

30 JUNE 2017

8. CASH AND SHORT TERM DEPOSITS (CON'T)

AVI had the following cash amounts held for designated purposes as at the year ended 30 June 2017

	Cash available at beginning of financial year $	Cash raised during financial year $	Cash disbursed during financial year $	Cash available at end of financial year $
AVID	-474,218	20,730,504	17,775,579	2,480,707
Solomon Island Graduate Internship (Enhanced)	212,894	607,298	164,848	655,344
Professional Learning & Mentoring Program	46,972	470,069	437,336	79,705
University of Melbourne	14,037	35,181	31,432	17,786
Prime Minister and Cabinet	30,052	94,500	51,923	72,629
Community Grants Scheme	14,830	263,920	148,904	129,846
Macquarie University (Pace)	-50,612	487,135	386,779	49,744
Other-AVI	2,710,544	7,370,330	2,255,347	7,825,527
IBM Corporate Services Network	-	41,951	28,474	13,477
RHSC	-	652,704	-	652,704
VSO	-	32,733	61,560	-28,827
John James	-	4,200	-	4,200
BPP Myanmar	-	74,286	27,612	46,674
Victoria University	-	19,990	9,851	10,139
VOICE- Indigenous Youth Leadership Program	5,625	-	-	5,625
Other- VOICE	25,765	202	824	25,143
Total per Cash Flow Statement	2,535,889	30,885,003	21,380,469	12,040,423

Bank overdrafts

At 30 June 2017, AVI had $950,000 of undrawn overdraft facility. The bank overdraft is secured by a charge over freehold land and buildings in Note 5.

Notes to the Financial Statements (continued)

30 JUNE 2017

9. TRADE AND OTHER PAYABLES (CURRENT)

	2017 $	2016 $
Trade payables	559,614	631,889
Other payable & accruals	54,188	255,081
Total	613,802	886,970

10. DEFERRED REVENUE

	2017 $	2016 $
Grants Received in Advance		
Australian Volunteers for International Development	2,914,512	4,069,122
Other DFAT Funded Projects	409,476	212,894
Grants received in advance	3,323,988	4,282,016
Income Received in Advance:		
Macquarie Participation and Community Engagement	139,709	-
Planet Wheeler Community Grants Scheme	88,064	14,830
PM&C Indigenous Advancement	66,629	30,052
Professional Learning & Mentoring Program (PLMP)	61,649	46,972
Myanmar Business Platform Partnership	47,388	-
Melbourne University Community Volunteering	30,616	14,037
VSO Tanzania Recruit	-	23,658
Donations	-	29,470
Other	28,538	-
Income received in advance	462,593	159,019
Total income received in advance	3,786,581	4,441,035

Where funds are received in advance of expenditure on contracts, the income statement reflects income based on the contractual terms. Losses are brought to account as soon as they are foreseeable.

Notes to the Financial Statements (continued)

30 JUNE 2017

11. PROVISIONS

	2017 $	2016 $
Current – Employee entitlements		
Annual leave	312,995	314,192
Long service leave	239,487	336,638
Redundancy provision	555,378	22,135
Total Provisions Current	1,107,860	672,965
Non-Current – Employee entitlements		
Annual leave	-	-
Long service leave	169,309	128,127
Total Provisions Non-current	169,309	128,127
Total Provisions	1,277,169	801,092

i) Long Service Leave

Refer to Note 2(j) for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

12. RELATED PARTY DISCLOSURES

Compensation of key management personnel of AVI

	2017 $	2016 $
Short-term employee benefits (including reportable fringe benefits)	910,168	1,014,456
Post-employment benefits	86,503	65,036
Total	996,671	1,069,492

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Notes to the Financial Statements (continued)

30 JUNE 2017

13. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS – AVI AS LESSEE

AVI has entered into commercial leases on properties and certain plant and equipment. These leases vary in length. There are no restrictions placed upon AVI by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2017	2016
Not later than one year	195,466	187,643
Later than one year, but not later than five years	44,416	33,568
Total	239,882	221,211

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

AVI's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance AVI's operations. AVI has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

	2017 $	2016 $
Financial assets		
Cash and short-term deposits	12,040,423	2,535,889
Trade and other receivables	405,290	5,205,963
Other current asset	1,861	3,627
Total financial assets	12,447,574	7,745,479
Financial liabilities		
Trade and other payables	613,802	886,970
Current tax liabilities	247,360	499,619
Total	861,162	1,386,589

AVI is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk.

AVI's senior management oversees the management of these risks. AVI's senior management is supported by the Finance, Audit and Risk Management Committee (FARM) that advises on financial risks and the appropriate financial risk governance framework for AVI. FARM provides assurance to AVI's senior management that AVI's financial risk-taking activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with AVI's policies and risk appetite.

The board or directors reviews and agrees policies for managing each of these risks which are summarised below:

Notes to the Financial Statements (continued)

30 JUNE 2017

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Balances held in overseas bank accounts are regularly reviewed to minimise foreign currency risk, and are held by reputable banks. The following table summarises the balances in overseas bank accounts, held in currencies other than Australian Dollars.

Financial Assets		2017	2016
Cash assets	(i) See below		
Cambodia US dollar account		8,111	25,131
East Africa US dollars account		6,686	8,221
Fiji Dollar account		16,076	14,101
Indonesia Rupiah account		13,801	32,252
Myanmar US dollar account		52,028	82,203
North Pacific US dollar account		11,158	6,437
PNG Kina account		73,567	94,349
Solomon Dollar account		13,219	37,667
South Africa Rand account		8,138	10,250
Timor-Leste US dollar account		17,424	10,566
Total Cash Assets		220,208	321,177

(i) Amounts are shown in the Australian Dollar equivalent as at 30 June 2017 and 30 June 2016.

15. INFORMATION RELATING TO AUSTRALIAN VOLUNTEERS INTERNATIONAL (PARENT)

	2017	2016
Current assets	13,286,316	10,570,231
Total assets	21,537,665	18,762,364
Current liabilities	5,749,856	6,423,570
Total liabilities	5,919,165	6,551,697
Retained surplus	5,669,791	4,267,433
Revaluation reserve	6,470,627	7,943,235
Surplus or deficit of the Parent entity	3,478,082	(765,564)
Total comprehensive income of the Parent entity	-	1,906,084

Notes to the Financial Statements (continued)

30 JUNE 2017

16. EVENTS AFTER THE REPORTING PERIOD

AVI was successful in the tender for DFAT's new Australian Volunteer program. AVI commenced this contract on 17 July 2017. As a result of this AVI has undertaken a significant restructuring of staff and a provision for redundancies is recognised (note 11).

17. MEMBERS' GUARANTEE

Pursuant to the Constitution of AVI every ordinary member has undertaken that, during their membership or within one year afterwards, they shall, in the event of deficiency or winding up, contribute an amount not exceeding $20.

18. ECONOMIC DEPENDENCY

A significant portion of AVI's revenue is from the Australian Government Department of Foreign Affairs and Trade (DFAT).

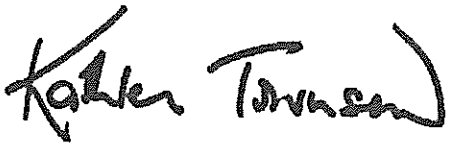
Board Declaration

In accordance with a resolution of the Directors of Australian Volunteers International the Board state that:

In the opinion of the Directors:

a) The financial statements and notes of Australian Volunteers International for the financial year ended 30 June 2017 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* including:
   i) Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the year ended on that date; and
   ii) Complying with Accounting Standards (including the Australian Accounting Interpretations and Reduced Disclosure Requirements), the *Australian Charities and Not-for-Profits Commission Regulation 2013;*
b) There are reasonable grounds to believe that Australian Volunteers International will be able to pay its debts as and when they become due and payable

On behalf of the Board



KATHLEEN TOWNSEND

Director

DEAN TILLOTSON

Director

Melbourne

Date: 27 October 2017

Building a better working world

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Independent Auditor's Report to the Members of Australian Volunteers International

Report on the Financial Report

Opinion

We have audited the financial report of Australian Volunteers International (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and 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 Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

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- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

Paul Gower
Partner
Melbourne
16 October 2017

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