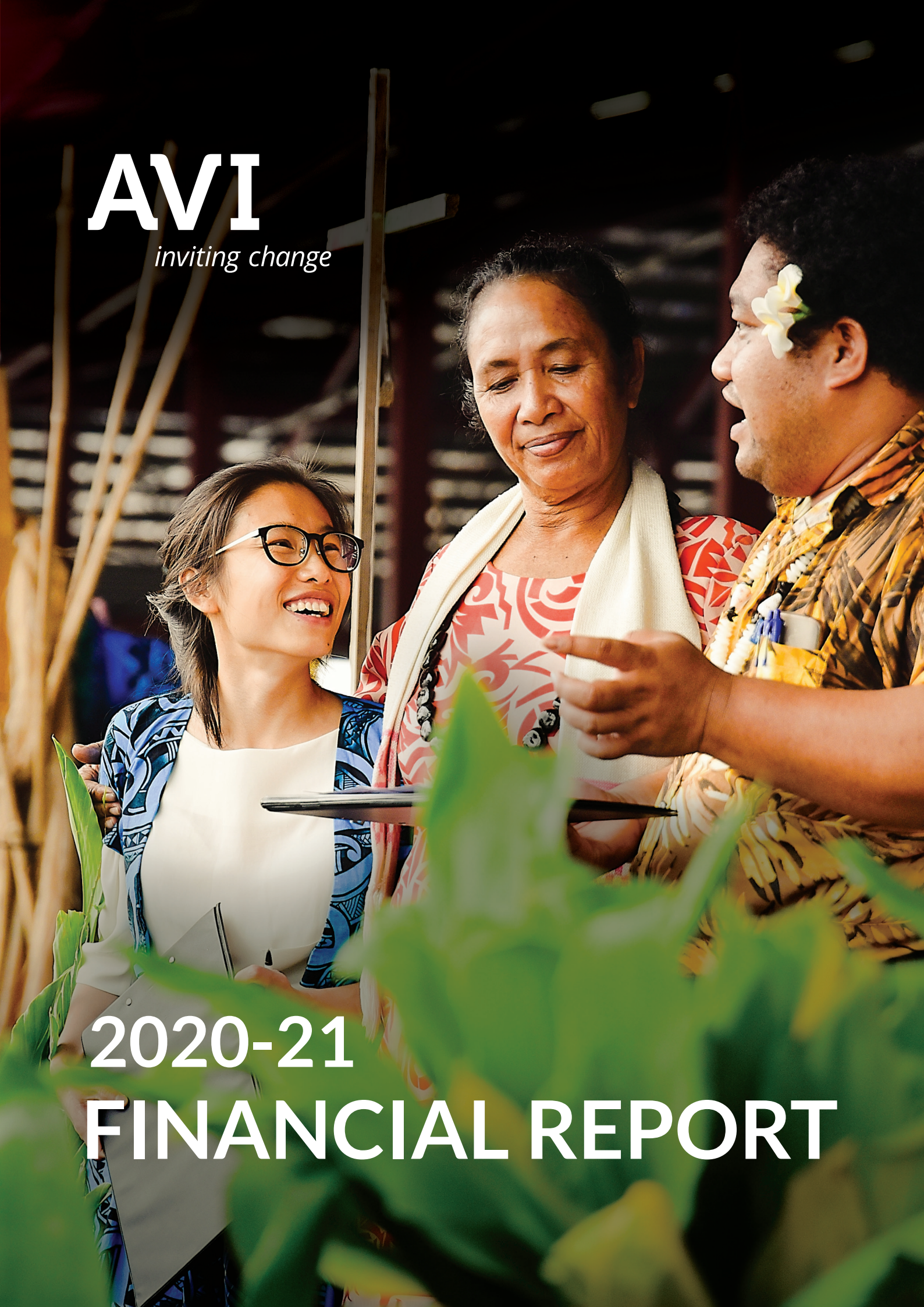


AVI

inviting change

2020-21 FINANCIAL REPORT

Australian Volunteers International

and its controlled entity

ABN: 88 004 613 067

(A Company Limited by Guarantee)

Annual Financial Report

For the year ended 30 June 2021

Contents

Corporate Information

President	Sam Mostyn
Directors	Kathleen Townsend (Chair; retired on 17 February 2022) Julie Hamblin (Chair from 17 February 2022) (appointed on 22 October 2021) Peter Wilkins (Co-Deputy Chair) Dean Tillotson (Co-Deputy Chair) Martine Letts Lyma Nguyen Jon Marcard Brendon McNiven Liza Coffey (appointed on 4 December 2020) Leanne Close (appointed on 17 February 2022) Michael Batchelor (appointed on 17 February 2022) Wendy Tyrrell (retired on 16 October 2020) Jennifer Johnston (retired on 3 December 2021) Rob Tranter (appointed on 16 October 2020; resigned on 1 June 2021)
Company Secretary	Bruce Morrison
Registered office and principal place of business	160 Johnston Street Fitzroy VIC 3065
Bankers	Westpac Banking Corporation
Auditors	KPMG

PRESIDENT

Sam Mostyn 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; Board Member, Go Foundation; Chair, Carriageworks; Chair, Citibank Australia; and Deputy Chair, Diversity Council Australia.

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 2021 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.

Kathleen Townsend M. Ed Studies; B.A.; Dip Ed: GAICD. **– Chair**
Ms Townsend joined the Board in 2013 and was appointed Chair of the Board on 17 October 2013. Ms Townsend is invited to be ex-officio member of the Finance Audit and Risk Management, Governance and Quality and Safety Committees. Ms Townsend is Managing Director of Kathleen Townsend Executive Solutions Pty Ltd, a top tier executive search firm which assists organisations in the Corporate, Government and Not-for-Profit sectors to identify exceptional candidates to fill positions at CEO, MD, GM and NED level. Prior to establishing her own firm, she was a Partner with Amrop International. She came to the search industry from government where she was the Head of the Office of the Status of Women in the Department of Prime Minister and Cabinet in Canberra. Ms Townsend was previously Deputy Chancellor, Swinburne University of Technology and a Director of the Port of Melbourne Corporation. She is a former AVI volunteer in Malaysia.

Julie Hamblin
Julie's work has spanned health law, governance, disability and international development. A former partner of HWL Ebsworth, she has expertise in health regulation, clinical risk, privacy and bioethics. She also has a particular interest in global health and human rights having worked with the United Nations Development Programme and other organisations on projects relating to public health and HIV/AIDS in more than 20 countries in Asia, the Pacific, Africa and Eastern Europe. She has served on numerous government and other advisory bodies, including the Australian Research Integrity Committee, the NSW Health Ethics Advisory Panel, and the Attorney-General's International Pro Bono Advisory Group.

Julie is an experienced Non-Executive Director. Other roles have included Chair of Autism Spectrum Australia, Deputy Chair of Plan International Australia, and board member of the Telecommunications Industry Ombudsman and the Royal Australian and New Zealand College of Obstetricians and Gynaecologists.

Peter Wilkins B Mech Eng, MSc, PhD **– Co-Deputy Chair**
Dr Wilkins was appointed to the Board in June 2014. He is an Adjunct Professor at The John Curtin Institute of Public Policy (JCIPP) at Curtin University, and an Adjunct Associate Professor in the Discipline of Global Studies at Murdoch University. He has served as Western Australia's Deputy Ombudsman and prior to this had been WA Assistant Auditor General Performance Review. Dr Wilkins is a member of the International Evaluation Research Group, the Australasian Study of Parliament Group and a National Fellow and Western Australian Fellow of the Institute of Public Administration Australia. He is also a former Australian volunteer in Malaysia.

Dean Tillotson B.A, M.B.A. **– Co-Deputy Chair**
Mr Tilloston was appointed to the AVI Board in August 2015 and is also the Chair of the Finance, Audit and Risk Management Committee. Mr Tillotson is the Executive director of Registration and Licensing for the State of Victoria. He has held senior roles Senior Management roles across Health and Financial Services including Executive Director Public Transport Victoria (PTV), Principal of Acumulus consulting and Executive General Manager/CEO Australian Health Management (AHM).

Martine Letts - Director
Ms Letts was appointed to the AVI Board in August 2015 and is a member and current chair of the Board Governance Committee. She has previously been Chief Executive Officer for Committee for Melbourne after serving as Chief Executive Officer of the Australia China Business Council (ACBC) where she led the development of the organisation's national strategy.

Prior to her role at the ACBC, Ms Letts was Deputy Director of the Lowy Institute for International Policy where she spearheaded the organisation's business and organisational development. As Secretary-General of the Australian Red Cross (ARC) from 2001-2004, based at its national headquarters in Melbourne, she worked on a national transformation strategy to help the ARC improve its delivery of community and relief services across Australia and globally. From 1983 to 2000, Ms Letts was a senior Australian diplomat serving as Australian Ambassador to Argentina, Uruguay and Paraguay; Deputy Head of Mission and Australian Deputy Permanent Representative to the International Atomic Energy Agency in Vienna. She was also an adviser to Foreign Minister Evans from 1992 to 1994, and has served on the Australian National University Council from 2004-2014.

Lyma Nguyen B.A, LLB, GDLP, LLM
Ms Nguyen was appointed to the Board in November 2014 and is a member of the Board Governance Committee. She works as a barrister at William Forster Chambers in Darwin and has been placed on the International Criminal Court register of Counsel. Her practice involves domestic and international criminal law, refugee law, inquiries and human rights. Ms Nguyen was one of 45 Australian women lawyers nominated for "Trailblazing Women Lawyers Project" by University of Melbourne and was awarded a Churchill Fellowship in 2014 to build expertise in international criminal justice. 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.

Jon Marcard - Director
Jon Marcard is the Chief Financial Officer - Hospital Division at St Vincents Health Australia and has had prior senior finance roles at The Royal Children's Hospital Melbourne, AustralianSuper and Medibank Private. Jon is an AVI representative on the Australian Volunteer Program Consortium Group.
Jon has more than 30 years' financial experience across a diverse range of sectors including financial services, insurance and consulting. Jon has a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

Brendon McNiven - Director
Brendon is an Enterprise Professor at The University of Melbourne overseeing the Master of Architectural Engineering degree in the Melbourne School of Design. Brendon is the current Chair of the Australian Volunteer Program Consortium Group. Originally trained as an engineer, Brendon brings over thirty years of industry experience to his role the majority of which was spent working with the global multidisciplinary design firm Arup. His career has included time practising in Hong Kong, London, Singapore, and Australia.
Brendon is a passionate believer in integrated sustainable design in the interests of helping achieve the UN 2030 sustainable development goals. Brendon is currently also undertaking PhD study in the field of architectural engineering examining the different thinking natures of architects and engineers in the context of improving collaboration.

Liza Coffey - Director
Liza is an Operational Advisor for Associated British Foods (Twinings). Over 15 years, Liza has held senior management roles in driving Supply Chain efficiencies and operational strategy within multinational consumer environments, retail businesses, and social enterprises. Having served as a Volunteer on an AVI assignment within the Pacific Region and research associate for UNDP (Sri Lanka) | Monash University, Liza also has practical development expertise in gender advocacy with sustainable livelihood programs, business development (SME), and resource management addressing key climate

factors. Liza holds a Bachelor of Commerce (Marketing) and a Masters in International Development Practice (Sustainable Resources).

Leanne Close - Director
Leanne is the Chief Executive Government and Strategic Engagement at Risk 2 Solution. Leanne is a former police officer with 33 years policing, law enforcement and training experience in the Australian Federal Police, culminating as Deputy Commissioner from 2014-2019. During this time, as Deputy Commissioner National Security, Leanne was the AFP representative at the Australia /New Zealand Counter-Terrorism Committee.
From 2015 – 2019, Leanne co-chaired the Asia-Pacific Group on Money Laundering and Counter-Terrorism Financing. She was a member of the AFP Audit Committee and the Australian Electoral Commission Audit and Risk Committee. In 2016, she undertook a 12-month secondment to the Commonwealth Attorney-General's Department leading their Criminal Justice Group.

Michael Batchelor - Director
Michael's career spans 30 years including as a volunteer, director, operational executive and engineer. Recently, he provided volunteer support to the Independent Research Institute of Mongolia through the Australian Volunteers Program managed by AVI. Previously, he was director and joint founder of Nimbus Advisory Pty Ltd, a boutique management consultancy providing services to the infrastructure sector. Michael also had positions of increasing responsibility with AECOM / Maunsell over 25 years culminating in leadership of the Australian and New Zealand Geography as Chief Executive and Chair of the Australian and New Zealand boards

Wendy Tyrrell Assoc Dip, B.Sc, M.A.
Ms Tyrrell was appointed to the board on 27 August 2015 and Chair of the Australian Volunteer Program Consortium Group until she resigned on 16 October 2020. She is the Executive Director of Development Partner Institute and Managing Director, The Long View Consulting. Ms Tyrrell has over 20 years' experience in the resources / extractive and manufacturing sectors, working across geographies and cultures, including southern Africa, Latin America, and the Indo-Pacific. She was a Non- Executive Director at Transparency International Australia (Leading global anti-corruption NGO) between 2012 and 2017.

Jennifer Johnston B.A. Comms and Eng, Comp Lit.
Ms Johnston was appointed to the Board in April 2014 and is the Chair of the Board Quality and Safety Committee. Ms Johnston has 20 years' experience in public policy, advocacy in the healthcare sector and communication. She has held senior roles in small business, government, and corporate sectors and is Executive Director at the Coalition to Eradicate Viral Hepatitis in Asia Pacific Ltd (CEVHAP).

Rob Tranter - Director
Rob Tranter is a certified executive coach, consultant to public sector agencies and not-for -profit director. He also facilitates Executive Learning Groups as part of the Jeff Whalan Learning Group.
With more than 25 years' experience in the Australian Public Service, Rob understands the demands on public servant leaders. Before establishing his own coaching and consulting practice, he spent the last 13 years of his career in senior executive public sector roles. Until 2020, Rob worked as a First Assistant Secretary with the Department of Foreign Affairs and Trade, serving as Deputy Ambassador in Tokyo and head of the organisation's Public Diplomacy and Communications Division. At AusAID Rob served in senior roles including First Assistant Director General, Pacific Division and Assistant Director General, Human Resources, and Assistant Director General, Pacific Partnerships Taskforce. Rob has served as a diplomat in Indonesia, Vanuatu and Japan. He is a Director of Australian Volunteers International and an Industry Fellow at Griffith Asia Institute. He holds a Bachelor of Economics from the University of Queensland, a Post Graduate Diploma of International Development from the Australian National University and a Masters of Public Policy and Management from the University of London.

COMPANY SECRETARY
Bruce Morrison

KEY MANAGEMENT PERSONNEL

Paul Bird, Chief Executive Officer B.Sc (Finance & Econ), M.A. (International & Community Development), CA (resigned on 13 November 2020)
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.

Melanie Gow, Chief Executive Officer (appointed on 10 November 2020)
Melanie has held senior leadership roles across international development and the Australian health sector. Her portfolio accountabilities have included research, policy and advocacy, international programs, corporate affairs, marketing, sales, strategy and governance.

Over the years Melanie has also served as a Board member on several not for profit Boards. including Hagar Australia, Intrepid Foundation, Business for Development, the Australian Council for International Development, Campaign for Australian Aid, the Coalition to the Stop the Use of Child Soldiers and Sorrento Pre-School. Melanie has a Master of Arts in International Development and a Master of Public and International Law.

Zoe Mander - Jones, Program Director – Australian Volunteers Program

Ipsita Wright, Executive Manager – International Services

Bruce Morrison – Chief Financial Officer

Fiona McDonald– People and Culture Manager (resigned on 19 November 2021)

DIVIDENDS

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

PRINCIPAL ACTIVITIES

AVI's principal activities during 2020/21 were to:

Provide technical assistance and specialist services towards poverty reduction and sustainable development outcomes for people in need through:

- placing a wide range of skilled Australians to work with communities in developing countries according to locally identified needs;
- implementing people-centered projects and programs in cooperation with Australian and overseas partners; and
- contributing to a peaceful and just world by fostering cross-cultural relationships and international understanding between people and by participating in the social and economic development of communities in need.

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

REVIEW OF OPERATIONS

Project	Status
Australian Volunteers	AVI is the managing contractor for the Department of Foreign Affairs and Trade's (DFAT) Australian Volunteer program (AVP). For the financial year to 30 June 2021, supported 343 assignments, of which 311 were remote assignments and 32 were in-country. AVI supported 287 volunteers during the year (remote and in-country)
Student programs	AVI worked with a number of Australian Universities to mobilise 45 students participating in community development activities with 7 partner organisations in India, Indonesia, Cambodia, Philippines, Fiji and Vanuatu.
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.
Mentors	AVI is providing skilled mentors in education and health for DFAT programs in the Solomon Islands.
Pacific People	AVI established AVI Pacific People in the year as a wholly owned subsidiary of AVI, which carries out recruitment, workforce development and human resources capacity building services in the Pacific region.
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	AVI's investment strategy is to continue to invest surplus cash in low risk investments (bank deposits).
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 2020/21.

Program	Funder	Total Assignments	New Volunteers
Australian Volunteers	DFAT, in-country and Australian partner organisations	343	287
Students	Universities	45	45
International Mentors and other deployees	Various	3	0
2020/21 TOTAL VOLUNTEERS		**391**	**332**

2019/20 TOTAL VOLUNTEERS	**964**	**377**

OUR STRATEGIC OBJECTIVES

AVI recognises that the most effective and sustainable change is locally owned and led. During 2020/21 AVI continues its 70 year commitment to enabling economic and social development outcomes in developing countries in 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 2021, AVI has continued to meet the contractual obligations of all contracts.

OPERATING RESULTS FOR THE YEAR

AVI recorded a continuing operating deficit of $0.79m for the 2020/21 year. This compared to a continuing operations net deficit of $1.39m in the 2019/20 financial year (underlying operating deficit was $0.81m with then a $0.58m impairment on the 160 Johnston St assets)

Analysis of Revenue

AVI revenue totalled $18.7m this financial year (a $25.5 m reduction from prior year). Revenue can be further analysed as follows:

- Total grant revenue decreased by $25.5m (60%) in 2020/21, primarily associated with a decrease in expenditure on DFAT's Australian Volunteer Program, of which AVI is managing contractor in a consortium with Cardno Emerging Markets and Alinea International. This was as a direct result of a major repatriation of volunteers that occurred in March 2020 and a slow return to in-country volunteer deployments.
- Other grants decreased by $74k (37%) due to a decrease in the AHP and ICCON programs.
- Commercial activities revenue decreased by $232k (27%), mainly due to lower student placements due to COVID and the program moving to all virtual placements.
- Other Income includes investment revenue which decreased by $45k primarily as a result of profit on sale of 88 Kerr Street in 2019/20 year
- Other income also included $480k from the Australian government COVID support (Cashflow boost $50k and Jobkeeper $430k). This was a $277k increase from the 2019/20 year.

Analysis of Expenditure

Operating Expenditure in 2020/21 decreased by $25.4m from previous year's expenditure (excluding the impairment of assets expense for $580k in 19/20). Expenditure can be analysed as follows:

- Funds to international programs represent funds spent directly overseas and account for 44% of the total expenditure compared to 74% in 2019/20. This was due to the inability to send volunteers overseas for large parts of the 2020/21 year
- Program support costs are incurred in Australia directly supporting AVI's overseas projects through incident management, recruitment and briefing activities. These costs increased by $415k (9%) and accounted for 26% of total expenditure in 2020/21 compared to 11% in 2019/20.
- Community education costs are associated with increasing the Australian public's awareness of international volunteering for development, with a decrease of expenditure aligning with lower volunteer numbers in country of $762k.
- Accountability and administration are costs associated with maintaining the office in Australia and the organisational support costs. They include Board approved initiatives that are in line with AVI's strategic direction in supporting system improvement, new business initiatives and diversification of activities. There was a decrease of $644k (14%) in 2020/21, representing 20% of expenditure. This was part of an effort to reduce overall administration costs in a period that we were unable to operate at the normal level with overseas activity.

INCOME TAX

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

EMPLOYEES

At 30 June 2021 AVI employed 135 employees, full time equivalent (FTE) 129.4, compared to 145 employees (FTE 142.3) as at 30 June 2020.

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.

Board Structure

The Board currently comprises ten 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 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 2020/21:

i) Finance, Audit and Risk Management (FARM) Committee;
ii) Governance Committee (replaced by Governance & Quality on 25 February 2021)
iii) Quality and Safety Committee (replaced by People & Culture on 25 February 2021)

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 meals.

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 (FARM) 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.

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 an active Environmental Sustainability Committee and action plan, aimed at mitigating and reducing our environmental impact.

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 Key Management Personnel. 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 2020/21, AVI paid an insurance premium of $8,615 in respect of a contract insuring each Board Member and the full-time Chief Executive Officer and Key Management Personnel of AVI against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

EVENTS AFTER THE REPORTING PERIOD

On the 25th February 2022 AVI executed a fully signed contract amendment (extension) for the delivery and management of the Australian Volunteers Program with DFAT. This is for a 5 year extension from 1 July 2022 to 30 June 2027. This contract is for a total value of up to $130 million over the 5 years.

Other than as disclosed above, there has not risen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group, in future financial years.

BOARD MEETINGS

During 2020/21, there were six Board meetings and fifteen Committee meetings. The attendances at these meetings were:

	Board		Finance, Audit and Risk Management (FARM) Committee		Governance Committee[1]		Quality & Safety Committee[2]		Governance & Quality Committee[1]		People & Culture Committee[2]	
Member	**Max no possible**	**Attended**	**Max no possible**	**Attended**	**Max no possible**	**Attended**	**Max no possible**	**Attended**	**Max no possible**	**Attended**	**Max no possible**	**Attended**
K Townsend	6	6	6	6	4	4			2	2	1	1
P Wilkins	6	6	6	5			2	1				
D Tillotson	6	5	6	6								
L Nguyen	6	5					2	1	1	0		
W Tyrrell	2	2										
M Letts	6	6			4	4			2	2		
J Johnston	6	6					2	2			1	1
J Marcard	6	6	6	6								
B McNiven	6	6										
R Tranter	4	2										
L Coffey	4	4			1	1			2	2	1	1

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

H Lindsay					4	3			2	2		

Kathy Townsend is invited ex-officio to all Board Committees

Notes:

1 Governance Committee was replaced by the Governance & Quality Committee on 25 February 2021

2 Quality & Safety Committee was replaced by the People & Culture Committee on 25 February 2021

Consolidated Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 30 June 2021	Note	2021 $	2020* $
CONTINUING OPERATIONS			**Restated**
REVENUE			
Donations and gifts - monetary	**4.1**	106,753	32,003
Grants:			
- DFAT		17,278,652	42,666,202
- Other Australian		-	100,000
- Other Overseas		127,179	201,284
Commercial Activities Income		621,238	853,652
Other income	**4.2**	537,303	304,966
TOTAL REVENUE AND OTHER INCOME	**4**	**18,671,125**	**44,158,107**
EXPENDITURE			
International aid and development program expenditure			
International Programs:			
- Funds to international programs		(8,491,501)	(32,995,701)
- Program support costs		(5,158,971)	(4,744,105)
Community education		(1,303,118)	(2,064,826)
Accountability and administration		(3,963,486)	(4,607,752)
TOTAL International aid and development program expenditure		**(18,917,076)**	**(44,412,384)**
Commercial Activities Expenditure		(484,655)	(440,790)
Impairment loss on trade receivables and contract assets	**5.1**	(42,207)	(11,275)
Impairment loss on property, plant and equipment	**10(a)**	-	(580,000)
TOTAL OPERATING EXPENDITURE	**5**	**(19,443,938)**	**(45,444,449)**
RESULTS FROM OPERATING ACTIVITIES		**(772,813)**	**(1,286,342)**
Finance income		47,239	651
Finance costs		(65,665)	(103,533)
Net finance costs	**5.2**	(18,426)	(102,882)
CONTINUING OPERATIONS DEFICIT FOR THE YEAR		**(791,239)**	**(1,389,224)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to surplus of deficit		-	-
Items that will be reclassified to surplus or deficit when specific conditions are met		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(791,239)**	**(1,389,224)**

*Refer Note 2.3 – comparative information has been restated as a result of adoption of the International Financial Reporting Standards Interpretations Committee (IFRIC) final agenda decision in April 2021.

The above Consolidated Statement of Surplus or Deficit and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2021	Note	2021 $	2020* $
ASSETS			**Restated**
CURRENT ASSETS			
Cash and cash equivalents	**6**	4,764,347	5,541,821
Trade and other receivables	**7**	142,769	150,841
Contract assets	**8(a)**	1,035,995	1,159,852
Prepayments	**9**	1,282,292	873,139
Other current assets		61,078	231,433
TOTAL CURRENT ASSETS		**7,286,481**	**7,957,086**
NON-CURRENT ASSETS			
Property, plant and equipment - owned	**10(a)**	6,752,479	6,957,462
Property, plant and equipment - right-of-use assets	**10(b)**	449,919	603,586
Intangible assets	**11**	1,360,073	1,496,511
TOTAL NON-CURRENT ASSETS		**8,562,471**	**9,057,559**
TOTAL ASSETS		**15,848,952**	**17,014,645**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**12**	1,007,942	552,099
Net GST/VAT payables		148,445	194,109
Contract liabilities	**8(b)**	1,571,617	2,307,169
Lease liabilities	**13**	404,869	367,224
Provisions	**15**	597,316	504,648
TOTAL CURRENT LIABILITIES		**3,730,189**	**3,925,249**
NON-CURRENT LIABILITIES			
Lease liabilities	**13**	43,188	242,649
Provisions	**15**	186,905	166,838
TOTAL NON-CURRENT LIABILITIES		**230,093**	**409,487**
TOTAL LIABILITIES		**3,960,282**	**4,334,736***
NET ASSETS		**11,888,670**	**12,679,909**
EQUITY			
Revaluation reserves		-	-
Retained surplus		11,888,670	12,679,909
TOTAL EQUITY		**11,888,670**	**12,679,909**

*Refer Note 2.3 – comparative information has been restated as a result of adoption of the International Financial Reporting Standards Interpretations Committee (IFRIC) final agenda decision in April 2021.

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 2021	Note	Retained surplus $	Revaluation reserve $	Total equity $
Balance at 1 July 2019		**8,445,792**	**6,094,690**	**14,540,482**
Adjustment on initial application of IFRIC final agenda decision*		(471,349)	-	(471,349)
Adjusted balance at 1 July 2019*		**7,974,443**	**6,094,690**	**14,069,133**
Total comprehensive income for the year				
Deficit for the year*		(1,389,224)	-	(1,389,224)
Other comprehensive income		-	-	-
Total comprehensive loss for the year*		**(1,389,224)**	**-**	**(1,389,224)**
Transactions with members, recorded directly in equity				
Transfer of Revaluation reserve to Retained surplus upon disposal of the property		6,094,690	(6,094,690)	-
Balance at 30 June 2020*		**12,679,909**	**-**	**12,679,909**
Balance at 1 July 2020*		**12,679,909**	**-**	**12,679,909**
Total comprehensive income for the year				
Deficit for the year		(791,239)	-	(791,239)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		**(791,239)**	**-**	**(791,239)**
Balance at 30 June 2021		**11,888,670**	**-**	**11,888,670**

*Refer Note 2.3 – comparative information has been restated as a result of adoption of the International Financial Reporting Standards Interpretations Committee (IFRIC) final agenda decision in April 2021.

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 2021	Note	2021 $	2020 $
OPERATING ACTIVITIES			
Government grants and other income		20,004,113	45,426,692
Payments to participants and suppliers		(10,204,557)	(34,536,931)
Payments to employees		(9,822,279)	(9,805,977)
Net Cash Flows (used)/from in Operating Activities		**(22,723)**	**1,083,784**
INVESTING ACTIVITIES			
Interest received		11,052	651
Sale of property, plant and equipment		-	6,534,000
Purchase of property, plant and equipment and intangible assets		(217,594)	(2,474,359)
Net Cash Flows (used)/from in Investing Activities		**(206,542)**	**4,060,292**
FINANCING ACTIVITIES			
Repayment of borrowings		-	(1,995,004)
Payments of lease liabilities	**14.5**	(548,209)	(519,796)
Net Cash Flows (used) in Financing Activities		**(548,209)**	**(2,514,800)**
Net (decrease)/increase in cash and cash equivalents		(777,474)	2,629,276
Cash and cash equivalents at the beginning of the financial year		5,541,821	2,912,545
Cash and cash equivalents at the end of the financial year	**6**	**4,764,347**	**5,541,821**

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 2021

1. CORPORATE INFORMATION

The consolidated financial report of Australian Volunteers International (AVI) and its subsidiary (collectively, the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 29 April 2022.

Australian Volunteers International is a company limited by guarantee incorporated in Australia. In August 2018, AVI established a wholly owned subsidiary, AVI Pacific People 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 Report of the Board.

AVI is endorsed as a Deductible Gift Recipient (DGR).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

In the opinion of the Directors AVI is not publicly accountable.

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.

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, configuration or customisation costs in a cloud computing arrangement effective immediately with retrospective application. Comparative information has been restated as a result of adoption of the above agenda decision, resulted in a reclassification of some intangible assets to recognition as an expense in the consolidated statement of surplus or deficit and other comprehensive income, impacting both the current and prior periods presented. Changes to significant accounting policies are described in Note 2.3.

Where an accounting policy is specific to one note, the policy is included in the note to which it relates.

The financial report has also been prepared on a historical cost (which is based on the fair value of the consideration given in exchange for assets), except for land and buildings and any equity instruments, which have been measured at fair value.

The financial report is presented in Australian dollars ($), which is the Group's functional and presentation currency, and all values are rounded to the nearest dollar. 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. As adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

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

2.3. Changes to Significant Accounting Policy

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- *Customer's right to receive access to the supplier's software hosted on the cloud* (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- *Configuration or customisation costs in a cloud computing arrangement* (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the statement of financial position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to either a prepaid asset in the statement of financial position and/or recognition as an expense in the statement of surplus or deficit and other comprehensive income, impacting both the current and prior periods presented.

The new accounting policy is presented in Note 2.4 (j).

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

(i) Consolidated Statement of Financial Position as at 1 July 2019

	As previously reported $	Adjustments $	As restated $
Total currents assets	**16,252,355**	**-**	**16,252,355**
Property, plant and equipment - owned	5,440,624	-	5,440,624
Property, plant and equipment - right-of-use assets	-	-	-
Intangible assets	2,044,237	(471,349)	1,572,888
Total non-current assets	**7,484,861**	**(471,349)**	**7,013,512**
Total assets	**23,737,216**	**(471,349)**	**23,265,867**
Net assets	**14,540,482**	**(471,349)**	**14,069,133**
Revaluation reserves	6,094,690	-	6,094,690
Retained surplus	8,445,792	(471,349)	7,974,443
Total equity	**14,540,482**	**(471,349)**	**14,069,133**

2.3. Changes to Significant Accounting Policy (CONT'D)

(ii) Consolidated Statement of Financial Position as at 30 June 2020

	As previously reported $	Adjustments $	As restated $
Total currents assets	**7,957,086**	**-**	**7,957,086**
Property, plant and equipment - owned	6,957,462	-	6,957,462
Property, plant and equipment - right-of-use assets	603,586	-	603,586
Intangible assets	1,917,635	(421,124)	1,496,511
Total non-current assets	**9,478,683**	**(421,124)**	**9,057,559**
Total assets	**17,435,769**	**(421,124)**	**17,014,645**
Net assets	**13,101,033**	**(421,124)**	**12,679,909**
Revaluation reserves	-	-	-
Retained surplus	13,101,033	(421,124)	12,679,909
Total equity	**13,101,033**	**(421,124)**	**12,679,909**

(iii) Consolidated Statement of Surplus or Deficit and Other Comprehensive Income for the year ended 30 June 2020

	As previously reported $	Adjustments $	As restated $
Expenditure			
International aid and development program expenditure			
International Programs:			
- Funds to international programs	(32,995,701)	-	(32,995,701)
- Program support costs	(4,744,105)	-	(4,744,105)
Community education	(2,064,826)	-	(2,064,826)
Accountability and administration	(4,657,977)	50,225	(4,607,752)
Total International aid and development program expenditure	**(44,462,609)**	**50,225**	**(44,412,384)**
Total operating expenditure	**(45,494,674)**	**50,225**	**(45,444,449)**
Results from operating activities	**(1,336,567)**	**50,225**	**(1,286,342)**
Continuing operations deficit for the year	**(1,439,449)**	**50,225**	**(1,389,224)**
Total comprehensive loss for the year	**(1,439,449)**	**50,225**	**(1,389,224)**

2.3. Changes to Significant Accounting Policy (CONT'D)

(iv) Note 5.1 Other operating expenses included in the total operating expenditure

	As previously reported 2020 $	Adjustments 2020 $	As restated 2020 $
Amortisation of intangible assets	289,098	50,225	238,873

(v) Note 11. INTANGIBLE ASSETS

Development Costs	As previously reported $	Adjustments $	As restated $
Cost			
Balance at 1 July 2019	3,073,450	(495,367)	2,578,083
Additions	162,496	-	162,496
Balance at 30 June 2020	**3,235,946**	**(495,367)**	**2,740,579**
Accumulated amortisation and impairment loss			
Balance at 1 July 2019	1,029,213	(24,018)	1,005,195
Amortisation for the year	289,098	(50,225)	238,873
Balance at 30 June 2020	**1,318,311**	**(74,243)**	**1,244,068**
Carrying amounts at 30 June 2020	**1,917,635**	**(421,124)**	**1,496,511**

(vi) There was no impact on the Group's consolidated statement of cash flows for the year ended 30 June 2020.

2.4. 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 2021. 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 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.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.4. Significant Accounting Policies (CONT'D)

(b) 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.
- 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 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.

(c) Foreign Currency Translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. 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 consolidated statement of surplus or deficit and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(d) Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group generally recognises revenue when it transfers control cover a good or service to a customer.

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however whether there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipts of funds and satisfaction of performance obligations.

2.4. Significant Accounting Policies (CONT'D)

(d) Revenue Recognition (CONT'D)

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Group at significantly below its fair value.

When assets are received from an appeal, donation, fundraising event or bequest, the Group recognises an asset and corresponding revenue is recognised when the Group gains control of such assets and the value of the asset can be reliably measured.

All income derived by AVI over the reporting period was through a contractual nature with customers, aside from Donation, Investment and Other Income. Additionally, no assets were provided to AVI at a value significantly less than the fair value – as such, this element of the standard would have no impact on the consolidated financial statements.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Nature and timing of satisfaction of performance obligations, including significant payment terms	**Nature and timing of satisfaction of performance obligations** **Revenue recognition under AASB 15 and AASB 1058**
Government Grants Income The Group's government grant agreements are enforceable contracts with specific outcome and performance obligations. Invoices are usually payable within 30 days.	Revenue is recognised over time in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount is recognised as either a contract asset or a contract liability.
Commercial Activities Income Income which is received with associated performance obligations.	Revenue from the recruitment and placement of volunteers is recognised over time 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.
Rental Income Rental income with associated contractual arrangements.	Revenue is recognised over time when services are provided.
Donations and gifts - monetary The Group receives both with and without associated performance obligations.	Income from donations, legacies and bequests are recognised at the point in time as revenue when the entity gains control of the asset, except where the funds are tied to particular programs to be delivered in the future. AVI undertakes all fundraising activities internally and does not engage the services of third party fundraising organisations.

2.4. Significant Accounting Policies (CONT'D)

(d) Revenue Recognition (CONT'D)

Nature and timing of satisfaction of performance obligations, including significant payment terms	Nature and timing of satisfaction of performance obligations
	Revenue recognition under AASB 15 and AASB 1058
Other income Other income which is received with associated performance obligations.	Income is recognised at the point in time when services are provided.
Other income Other income which is received without associated performance obligations.	Income is recognised at the point in time upon receipt.

Contract balances (contract assets or liabilities)

Specified funding is recognised initially as contract liabilities when there is reasonable assurance that it will be received and that the Company will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in statement of surplus or deficit on a systematic basis in the same periods in which the expenses are recognised.

(e) Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents. Interest income is recognised as it accrues in the statement of surplus or deficit and other comprehensive income, using the effective interest method. Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets (other than trade receivables). This also includes foreign currency gain or loss on financial assets and financial liabilities.

(f) Income and other taxes

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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. For PNG supplies they are recorded at GST exclusive amount with the amount recoverable from the PNG government.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

2.4. Significant Accounting Policies (CONT'D)

(g) Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Other plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Any property, plant and equipment donated to the Group or acquired for significantly below market value are recognised at fair value at the date the Group obtains control of the assets.

Fair value of land and buildings are confirmed by independent valuations that are obtained with sufficient regularity (every two years) and a Director's valuation in the intervening years to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of surplus or deficit and other comprehensive income, in which case it is credited to that statement. When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of surplus or deficit and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Depreciation

Items of property, plant and equipment (other than freehold land) are depreciated over their useful lives to the Group, commencing from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

Owned:	**Right-of-use assets:**
Buildings and Building Improvements - 7%	Buildings - over lease term of 1 to 5 years
Computer Equipment - 33%	IT equipment - over lease term of 4 years
Office Equipment - 15%	Motor vehicles - over lease term of 1 year
Furniture and Fittings - 10-15%	
Motor Vehicles - 22.5%	
Land - not depreciated	

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when the item is no longer used in the operations of the Group. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the result for the year when the asset is derecognised.

2.4. Significant Accounting Policies (CONT'D)

(h) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- **As a lessee**

At commencement or on modification of a contract that contains a lease component, AVI allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

AVI recognises a right-of-use asset and a lease liability at the lease commencement date. AVI recognises a right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to AVI by the end of the lease term or the cost of the right-of-use asset reflects that AVI will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at AVI's incremental borrowing rate. Generally, AVI uses its incremental borrowing rate as the discount rate.

AVI determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amount expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that AVI is reasonably certain to exercise, lease payments in an optional renewal period if AVI is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless AVI is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in AVI's estimate of the amount expected to be payable under a residual value guarantee, if AVI changes its assessment of whether it will exercise a purchase, extension or termination option or it there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-use-asset has been reduced to zero.

AVI presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liabilities' in the statement of financial position.

2.4. Significant Accounting Policies (CONT'D)

(h) Leases (CONT'D)

Short-term leases and leases of low-value assets

AVI has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. AVI recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- **As a lessor**

At inception or on modification of a contract that contains a lease component, AVI allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease (see Note 2.4(l)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in the statement of surplus or deficit and other comprehensive income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortised over the economic useful 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 statement of surplus or deficit and other comprehensive income as the expense category that is consistent with the function of the intangible assets.

The Group has capitalised is major customer relationship management system software development costs since 2017/18 and amortised it over the economic useful life of up to 10 years or up to 30 June 2027 to align with the amendment term of the DFAT government grant contract service period. Other software development costs capitalised are amortised over the economic useful life of up to 3 years.

2.4. Significant Accounting Policies (CONT'D)

(i) Intangible assets (CONT'D)

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 surplus or deficit and other comprehensive income when the asset is de-recognised.

(j) Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Accounting policies	Implementation activities / type of payment
Recognise as an operating expense over the term of the service contract	• Fee for use of application software
	• Customisation costs
Recognise as an operating expense as the service is received	• Configuration costs
	• Data conversion and migration costs
	• Testing costs
	• Training costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Refer to Note 2.4(i) for an outline of accounting for intangible assets.

(k) Financial instruments

Financial instruments accounting policies

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs except for financial assets through profit or loss ("FVTPL"). A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

AVI's financial assets include cash and short-term deposits, trade and other receivables (including contract assets), and current assets. All recognised financial assets are subsequently measured in their entirety at either amortised costs or fair value, depending on the classification of the financial assets.

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through profit and loss ("FVTPL")

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2.4. Significant Accounting Policies (CONT'D)

(k) Financial instruments (CONT'D)

Classification and subsequent measurement (CONT'D)

Financial assets (CONT'D)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, AVI considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, AVI considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit AVI's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses are recognised in profit or loss any gain or loss on derecognition is recognised in statement of surplus or deficit and other comprehensive income.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of surplus or deficit and other comprehensive income.

2.4. Significant Accounting Policies (CONT'D)

(j) Financial instruments (CONT'D)

Classification and subsequent measurement (CONT'D)

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of surplus or deficit and other comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of surplus or deficit and other comprehensive income. Any gain or loss on derecognition is also recognised in statement of surplus or deficit and other comprehensive income.

Derecognition

Financial assets

AVI derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which AVI neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

AVI enters into transactions whereby it transfers assets recognised in its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

AVI derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. AVI also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of surplus or deficit and other comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, AVI currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.4. Significant Accounting Policies (CONT'D)

(l) Impairment

Non-derivative financial assets

Financial instruments and contracts assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

AVI has used the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. AVI has determined the probability of non-payment of the receivable and contract asset 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 the result for the year. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

2.4. Significant Accounting Policies (CONT'D)

(l) Impairment (CONT'D)

Non-derivative financial assets (CONT'D)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

Impairment indicators over property, plant and equipment, right-of-use assets and intangible assets are considered at each reporting date. If indicators exist, then the recoverable amount of the relevant asset / cash-generating unit is determined. The recoverable amount of these assets is the higher of fair value less costs of disposal and value in use.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, right-of-use assets and intangible assets, impairment losses are recognised in the statement of surplus or deficit and other comprehensive income. Impairment losses on land and buildings are treated as a revaluation decrement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.4. Significant Accounting Policies (CONT'D)

(m) Cash and cash equivalents

Cash and cash equivalents 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.

(n) Provisions

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.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of surplus or deficit and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Long service and annual leave

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.

2.4. Significant Accounting Policies (CONT'D)

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

The new standards are not expected to have a significant impact on the Group's consolidated financial statements, apart from:

- AASB 1060 General Purpose Financial Statements Disclosures for For-Profit and Not-for- Profit Tier 2 Entities. AASB 1060 is a single standard containing all the disclosure requirements for an entity preparing General Purpose Financial Statements under Tier 2 (GPFS-Tier 2). The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current suite of Reduced Disclosure Regime (RDR) disclosures.
- Entities applying AASB 1060 are exempt from the requirements in disclosure paragraphs in other Australian Accounting Standards (AAS) and are not required to comply with presentation and disclosure specific AAS. AASB 1060 will apply to the Group from the financial year beginning 1 July 2021; i.e. for the year ended 30 June 2022. This is expected to have minimal impact to the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of AVI's financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. Specific accounting judgements and estimates are discussed in the relevant note.

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. Land and buildings were revalued in line with the executed contract of sale less selling costs before being transferred to Assets classified as held for sale. The AVI constitution requires revaluation bi-annually.

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.

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

Estimates and assumptions (CONT'D)

iii) 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.

iv) Right-of-use assets and lease liabilities

The Group has entered into leases of premises, IT equipment and motor vehicles as disclosed in Note 14. Management has applied reasonably certain lease terms in the lease calculation.

v) Development costs

Development software 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 2021, the carrying amount of capitalised developments costs was $1,360,073 (2020: $1,496,511).

vi) Software-as-a-Service (SaaS) arrangements

Note 2.4(j) describes the Group's accounting policy in respect of configuration and customisation costs incurred in implementing SaaS arrangements. In applying the Group's accounting policy, the Directors made the following key judgements that may have the most significant effect on the amounts recognised in the consolidated financial statements.

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Group has developed software code that either enhances, modifies or creates additional capacity to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*. As 30 June 2021, included in the carrying amount of capitalised development costs as intangible assets there was a carrying amount of $1,112,911 (2020: $1,263,038) in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

4. TOTAL REVENUE AND OTHER INCOME

	Note	2021 $	2020 $
(a) Revenue under AASB 15 *Revenue from Contracts with Customers*			
Grants:			
- DFAT		17,278,652	42,666,202
- Other Australian			100,000
- Other Overseas		127,179	201,284
Commercial Activities Income		621,238	853,652
Rental income	4.2	43,364	55,481
Net gain on disposal of property, plant and equipment	4.2	2,144	35,937
Others	4.2	12,945	10,548
		18,085,522	**43,923,104**
(b) Revenue under AASB *1058 Income for Not-for-Profit Entities*			
Other income: COVID-19 Supports, including JobKeeper Payment and ATO cash flow boost	4.2	478,850	203,000
Donations and gifts - monetary	4.1	106,753	32,003
		585,603	**235,003**
Total Revenue and Other Income		**18,671,125**	**44,158,107**

4.1 DONATIONS AND GIFTS - MONETARY

Total donations and gifts- monetary received during 2020/21 were $106,753, of which all was recognised in 2020/21 year. AVI received a generous bequest for $50,000 and $56,753 from untied regular fundraising campaigns.

Total donations and gifts - monetary received during 2019/20 were $49,257, of which $17,254 was not recognised in 2019/20 and carried forward to 2020/21 as it was a tied donation.

4.2 OTHER INCOME

	2021 $	2020 $
COVID-19 Supports, including JobKeeper Payment and ATO cash flow boost	478,850	203,000
Rental income	43,364	55,481
Net gain on disposal of property, plant and equipment	2,144	35,937
Others	12,945	10,548
Total Other Income	**537,303**	**304,966**

5. TOTAL OPERATING EXPENDITURE

5.1 OTHER OPERATING EXPENSES INCLUDED IN THE TOTAL OPERATING EXPENDITURE

	2021 $	2020 $
Audit fees and other services	56,204	63,291
Impairment loss on trade receivables and contract assets	42,207	11,275
Write off of plant and equipment	11,824	15,691
Unsubstantiated expenses	38,742	-
Depreciation of property, plant and equipment:		
- owned	307,171	199,934
- right-of-use assets	517,645	500,818
Amortisation of intangible assets	240,020	238,873
(Comparative information reinstated, refer to Note 2.3 for further details)		
Employee expenses		
- wages and salaries, excluding superannuation and equivalent	9,224,143	8,894,504
- superannuation and equivalent	740,871	732,606

5.2 NET FINANCE COSTS

	2021 $	2020 $
Finance income		
- Interest income	11,052	651
- Foreign currency exchange gain, net	36,187	-
Total Finance Income	**47,239**	**651**
Finance costs		
- Interest expense on lease liabilities	(22,415)	(78,268)
- Foreign currency exchange loss, net	-	(25,265)
- Late payments interest charges and penalties	(43,250)	-
Total Finance Costs	**(65,665)**	**(103,533)**
Total Net Finance Costs	**(18,426)**	**(102,882)**

6. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and in hand	4,764,347	5,541,821
Total Cash and Cash Equivalents	**4,764,347**	**5,541,821**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are in a Notice saver account (earns interest based on current short-term rates) which requires 30 days notice to withdraw funds.

Bank overdrafts and credit card facilities

At 30 June 2021, AVI had $950k of overdraft and $500k of business credit card facilities. They are secured by a charge over freehold land and buildings in Note 10.

7. TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade and sundry receivables	142,769	150,841
Total Trade and Other Receivables	**142,769**	**150,841**

Trade receivables are non-interest bearing and generally on 30 day terms. AVI does not have credit insurance. At 30 June 2021, management fees receivable from DFAT of $472k (2020: $423k) is classified as contract assets in accordance with AASB 15.

8. CONTRACT ASSETS / LIABILITIES

(a) Contract assets

	2021 $	2020 $
Grants Received in Arrears		
Australian Volunteers Program - DFAT Funded Projects	1,035,995	1,159,852
Total Grants Received in Arrears / Contract Assets	**1,035,995**	**1,159,852**

(b) Contract liabilities

	2021 $	2020 $
Total Grants Received in Advance	**1,455,152**	**2,263,448**
Total Income Received in Advance	**116,465**	**43,721**
Total Contract Liabilities	**1,571,617**	**2,307,169**

Where funds are received in advance of expenditure on contracts, the surplus or deficit reflects income based on the contractual terms and in accordance with AASB 15 or AASB 1058 where applicable. Further information is provided on this policy in Note 2.4(d).

9. PREPAYMENTS

	2021 $	2020 $
Volunteer allowances and bonds	77,409	105,549
Insurance premiums	483,559	21,973
Other prepayments	721,324	745,617
Total Prepayments	**1,282,292**	**873,139**

10. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount of property, plant and equipment - owned

	Land At fair value $	Buildings At fair value $	Building Improvements At cost $	Office Equipment At cost $	Furniture and Fittings At cost $	Motor Vehicles At cost $	Computer Hardware At cost $	Total $
At Cost / Fair value								
Year ended 30 June 2020								
Balance at 1 July 2019	**5,050,000**	**-**	**444,248**	**133,526**	**146,147**	**39,005**	**743,815**	**6,556,741**
Additions	-	1,827,665	-	-	385,047	-	99,151	2,311,863
Reclassification between land, buildings and building improvements	(150,000)	181,335	(31,335)	-	-	-	-	-
Written off	-	-	-	-	(39,902)	-	-	(39,902)
Balance at 30 June 2020	**4,900,000**	**2,009,000**	**412,913**	**133,526**	**491,292**	**39,005**	**842,966**	**8,828,702**
Year ended 30 June 2021								
Balance at 1 July 2020	**4,900,000**	**2,009,000**	**412,913**	**133,526**	**491,292**	**39,005**	**842,966**	**8,828,702**
Additions	-	-	17,033	3,490	4,864	-	88,625	114,012
Disposals	-	-	-	-	-	-	(11,824)	(11,824)
Balance at 30 June 2021	**4,900,000**	**2,009,000**	**429,946**	**137,016**	**496,156**	**39,005**	**919,767**	**8,930,890**

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

(a) Reconciliation of carrying amount of property, plant and equipment - owned (CONT'D)

	Land At fair value $	Buildings At fair value $	Building Improvements At cost $	Office Equipment At cost $	Furniture and Fittings At cost $	Motor Vehicles At cost $	Computer Hardware At cost $	Total $
Accumulated depreciation and impairment loss								
Year ended 30 June 2020								
Balance at 1 July 2019	**-**	**-**	**329,226**	**89,621**	**96,107**	**39,005**	**562,158**	**1,116,117**
Depreciation for the year	-	9,000	67,889	12,252	11,415	-	98,778	199,334
Written off	-	-	-	-	(24,211)	-	-	(24,211)
Impairment loss resulting from change in fair value	580,000	-	-	-	-	-	-	580,000
Balance at 30 June 2020	**580,000**	**9,000**	**397,115**	**101,873**	**83,311**	**39,005**	**660,936**	**1,871,240**
Year ended 30 June 2021								
Balance at 1 July 2020	**580,000**	**9,000**	**397,115**	**101,873**	**83,311**	**39,005**	**660,936**	**1,871,240**
Depreciation for the year	-	126,532	2,701	10,928	50,467	-	116,543	307,171
Balance at 30 June 2021	**580,000**	**135,532**	**399,816**	**112,801**	**133,778**	**39,005**	**777,479**	**2,178,411**
Carrying amounts								
At 30 June 2020	**4,320,000**	**2,000,000**	**15,798**	**31,653**	**407,981**	**-**	**182,030**	**6,957,462**
At 30 June 2021	**4,320,000**	**1,873,468**	**30,130**	**24,215**	**362,378**	**-**	**142,288**	**6,752,479**

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

(b) Reconciliation of carrying amount of property, plant and equipment - right-of-use assets

	Buildings	IT equipment	Motor vehicles	Total
	$	$	$	$
At Cost				
Year ended 30 June 2020				
Balance at 1 July 2019				
- Recognition of ROU assets on initial application of AASB 16	869,092	67,310	-	936,402
Additions	138,851	-	29,151	168,002
Balance at 30 June 2020	**1,007,943**	**67,310**	**29,151**	**1,104,404**
Year ended 30 June 2021				
Balance at 1 July 2020	**1,007,943**	**67,310**	**29,151**	**1,104,404**
Additions	300,458	-	63,520	363,978
Balance at 30 June 2021	**1,308,401**	**67,310**	**92,671**	**1,468,382**
Accumulated depreciation				
Year ended 30 June 2020				
Balance at 1 July 2019	**-**	**-**	**-**	**-**
Depreciation for the year	454,865	19,231	26,722	500,818
Balance at 30 June 2020	**454,865**	**19,231**	**26,722**	**500,818**
Year ended 30 June 2021				
Balance at 1 July 2020	**454,865**	**19,231**	**26,722**	**500,818**
Depreciation for the year	464,766	19,231	33,648	517,645
Balance at 30 June 2021	**919,631**	**38,462**	**60,370**	**1,018,463**
Carrying amounts				
Balance at 30 June 2020	**553,078**	**48,079**	**2,429**	**603,586**
Balance at 30 June 2021	**388,770**	**28,848**	**32,301**	**449,919**

(c) Reconciliation of carrying amount - overview

	2021	2020
	$	$
Carrying amounts		
Balance at 30 June		
Freehold Land	4,320,000	4,320,000
Other property, plant and equipment - owned	2,432,479	2,637,462
Property, plant and equipment - right-of-use assets	449,919	603,586
Total Carrying Amounts of Property, Plant and Equipment	**7,202,398**	**7,561,048**

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

(d) Measurement of fair value - valuation techniques

Level 3 fair values of freehold land and buildings in Australia are determined by an external and independent valuer every 2 years and a Director's valuation in the intervening years.

The Group engaged Marsh, external and independent accredited valuers, to determine the fair value of its land and buildings at 30 June 2020.

Fair value is the amount of "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 highest and best use of the land and buildings are considered in determining the valuation. The effective date of the revaluation was 30 June 2020. There is no change in the valuation technique since the prior years. There is no evidence to indicate that the current use of the freehold land and buildings is not the highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs are used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table shows the fair value of investments including their levels in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2021				
Fair value of freehold land and building	**-**	**-**	**6,320,000**	**6,320,000**
2020				
Fair value of freehold land and building	-	**-**	**6,320,000**	**6,320,000**

11. INTANGIBLE ASSETS

Reconciliation of carrying amount of development costs which is in relation to capitalised software development costs at the beginning and end of the year is set out below.

	2021	2020*
Development Costs	**$**	**$**
Cost		***Restated***
Balance at 1 July	**2,740,579**	**2,578,083**
Additions	103,582	162,496
Balance at 30 June	**2,844,161**	**2,740,579**
Accumulated amortisation and impairment loss		
Balance at 1 July	**1,244,068**	**1,005,195**
Amortisation for the year	240,020	238,873
Balance at 30 June	**1,484,088**	**1,244,068**
Carrying amounts at 30 June	**1,360,073**	**1,496,511**

*See Note 2.3 - Comparative information has been restated as a result of adoption of the International Financial Reporting Standards Interpretations Committee (IFRIC) final agenda decision in April 2021.

12. TRADE AND OTHER PAYABLES (CURRENT)

	2021	2020
	$	**$**
Trade payables	614,572	149,170
Other payables and accruals	393,370	402,929
Total Trade and Other Payables	**1,007,942**	**552,099**

13. LEASE LIABILITIES

	2021	2020
	$	**$**
Current - lease liabilities	404,869	367,224
Non-current - lease liabilities	43,188	242,649
Total Lease Liabilities	**448,057**	**609,873**

14. LEASES

The Group leases a number of offices locally and overseas under operating lease. The lease typically run for a period of 1 to 5 years, some with an option to renew the lease for one year after that date. Lease payments are renegotiated every 1 to 2 years or at the end of the lease term to reflect market rentals. The lease provides for additional rent payments that are based on changes in local price indices.

The Group leases IT equipment with contract terms of 4 years.

The Group also leases motor vehicles with contract terms of 1 year. The Group has elected to recognise right-of-use assets and lease liabilities for these leases even they are short-term leases in nature.

14. LEASES (CONT'D)

Information about leases for which the Group is a lessee is presented below.

14.1 Right to use assets

Refer Note 10(b) for the Group's right-of-use assets related to leased properties, IT equipment and motor vehicles.

14.2 Amounts recognised in the consolidated statement of surplus or deficit and other comprehensive income

	2021 $	2020 $
Depreciation on right-of-use assets (Note 5.1)	517,645	500,818
Interest expense on lease liabilities (Note 5.2)	22,415	25,265

14.3 Amounts recognised in the consolidated statement of cash flows

	2021 $	2020 $
Total cash outflow for leases	548,209	519,796

14.4 Extension options

A property lease contains extension options exercisable by the Group up to 3 years before the end of the non-cancellable contract period. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $133,162.

14.5 Changes in liabilities arising from financing activities in the consolidated statement of cash flows

	Lease liabilities $	Borrowings $	Total $
For the year ended 30 June 2020			
Balance at 1 July 2019	-	1,995,004	1,995,004
Non-cash changes	1,129,669	-	1,129,669
Net cash flows used in financing activities	(519,796)	(1,995,004)	(2,514,800)
Balance at 30 June 2020	**609,873**	**-**	**609,873**
For the year ended 30 June 2021			
Balance at 1 July 2020	609,873	-	609,873
Non-cash changes	386,393	-	386,393
Net cash flows used in financing activities	(548,209)	-	(548,209)
Balance at 30 June 2021	**448,057**	-	**448,057**

15. PROVISIONS

	2021 $	2020 $
Current - Employee entitlements		
Annual leave	457,136	385,476
Long service leave	140,180	119,172
Total Provisions Current	**597,316**	**504,648**
Non-Current - Employee entitlements		
Long service leave	186,905	166,838
Total Provisions Non-current	**186,905**	**166,838**
Total Provisions	**784,221**	**671,486**

(a) **Long Service Leave**

Refer to Note 2.4(o) for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

16. RELATED PARTY DISCLOSURE

Compensation of Key Management Personnel of AVI

The amounts disclosed in the table below are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

	2021 $	2020 $
Short-term employee benefits (including reportable fringe benefits)	980,444	827,379
Post-employment benefits	17,814	35,343
Total Key Management Personnel Compensation	**998,258**	**862,722**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	2021 $	2020 $
Financial Assets		
Cash and cash equivalents	4,764,347	5,541,821
Trade and other receivables	142,769	150,841
Contract assets	1,035,995	1,159,852
Other current asset	61,078	231,433
Total Financial Assets	**6,004,189**	**7,083,947**
Finance liabilities		
Trade and other payables	1,007,942	552,099
Net GST/VAT payables	148,445	194,109
Lease liabilities	448,057	609,873
Total Financial Liabilities	**1,604,444**	**1,356,081**

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 board 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 of directors reviews and agrees policies for managing each of these risks.

17. 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 (including petty cash), held in currencies other than Australian Dollars.

	Note	2021 $	2020 $
Financial Assets			
Cash assets	*(i) See below*		
Cambodia (USD)		4,693	44,585
East Africa (USD)		1,802	12,000
Fiji (FJD)		17,962	53,934
Indonesia (IDR)		6,685	13,773
Myanmar (USD)		30,570	38,788
North Pacific (USD)		3,900	8,246
Papua New Guinea (PGK)		93,527	58,916
Solomon Islands (SBD)		22,622	9,602
South Africa (ZAR)		6,703	13,646
Timor-Leste (USD)		10,908	20,376
Vietnam (VND)		2,167	2,593
Sri Lanka (LKR)		63,997	89,129
Bhutan (BTN)		4,748	6,407
Laos (LAK)		1,909	3,733
Mongolia (MNT)		2,184	1,989
Samoa (WST)		2,206	1,107
Tonga (TOP)		6,099	5,712
Vanuatu (VUV)		10,819	8,316
Mongolia (USD)		112	136
Vietnam (USD)		8,841	-
Philippines (PHP)		51,930	-
Total cash assets		**354,383**	**392,988**

(i) Amounts are shown in the Australian Dollar equivalent as at 30 June 2021 and 30 June 2020 respectively.

18. INFORMATION RELATING TO AUSTRALIAN VOLUNTEERS INTERNATIONAL (PARENT ENTITY DISCLOSURE)

	2021 $	2020* $ Restated
Financial Position of Parent Entity at Year End		
Current assets	7,182,777	7,868,232
Total assets	15,723,874	16,905,757
Current liabilities	3,141,912	3,523,480
Total liabilities	3,372,005	3,932,967
Total Equity of Parent Entity comprising of:		
Retained surplus	12,351,869	12,972,790
Revaluation reserve	-	-
Total equity	**12,351,869**	**12,972,790**
Result of Parent Entity		
Deficit for the year	(620,921)	(1,096,343)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(620,921)**	**(1,096,343)**

*See Note 2.3 - Comparative information has been restated as a result of adoption of the International Financial Reporting Standards Interpretations Committee (IFRIC) final agenda decision in April 2021.

19. EVENTS AFTER THE REPORTING PERIOD

On the 25th February 2022 AVI executed a fully signed contract amendment (extension) for the delivery and management of the Australian Volunteers Program with DFAT. This is for a 5 year extension from 1 July 2022 to 30 June 2027. This contract is for a total value of up to $130 million over the 5 years.

Other than as disclosed above, there has not risen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group, in future financial years.

20. 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.

21. ECONOMIC DEPENDENCY

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

Directors' Declaration

In the opinion of the directors of Australian Volunteers International (the Company):

(a) the Company is not publicly accountable;

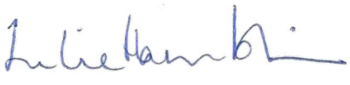
(b) the consolidated financial statements and notes that are set out on pages 14 to 48 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Julie Hamblin	**Dean Tillotson**
Director	Director
Place: Melbourne	Place: Melbourne
29 April 2022	29 April 2022

Independent Auditor's Report

To the members of Australian Volunteers International

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report***, of the Australian Volunteers International and its controlled entity (the Group).

In our opinion, the accompanying ***Financial Report*** of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012,* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2021, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

i. Statement of financial position as at 30 June 2021;

ii. Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;

iii. Notes including a summary of significant accounting policies; and

iv. Directors' declaration of the Company.

The Group comprises of Australian Volunteers International (the Company) and the entity it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Australian Volunteers International's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information. This includes the Corporate Information and Report of the Board.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. 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.

Auditor's responsibilities for the audit of the Financial Report (continued)

Misstatements can arise from fraud or error. They 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 this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

i. 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.

ii. 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 Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. 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 Group'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 Group to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Group 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.

KPMG

KPMG

Amanda Bond
Partner

Melbourne

29 April 2022

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Australian Volunteers International

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Volunteers International for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in 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.

KPMG

Amanda Bond

Partner

Melbourne

29 April 2022

AVI

inviting change