



**MAHBOBA'S
PROMISE**

An Australian Aid Organisation



FY2022 AUDIT REPORT

Mahboba's Promise Incorporated

ABN 85 254 682 685

Financial Statements - 30 June 2022

Mahboba's Promise Incorporated
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For the year ended 30 June 2022

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General information

The financial statements cover Mahboba's Promise Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Mahboba's Promise Incorporated's functional and presentation currency.

The financial statements were authorised for issue on 10 March 2023.

**Mahboba's Promise Incorporated
Management Committees' Report
For the year ended 30 June 2022**

The Committee members submit the financial report of Mahboba's Promise Incorporated (the "Association") for the financial year ended 30 June 2022.

Committee Members

The names of the committee members throughout the year and at the date of this report are:

Khurshida Ajam	Appointed	16/01/2012
Mahboba Rawi	Appointed	16/01/2012
	Completed Term	11/05/2022
	Appointed	01/12/2022
Manijah Hakim	Appointed	25/03/2014
	Completed Term	11/05/2022
Shirin Dawood	Appointed	19/12/2017
	Completed Term	11/05/2022
Shehana Talib	Appointed	26/11/2019
	Completed Term	11/05/2022
Nawid Cina	Appointed	26/11/2019
Kajol Moopanar	Appointed	23/12/2020
	Resigned	25/01/2022
Asad Zaman	Appointed	23/12/2020
	Resigned	11/08/2022
Sarah Dale	Appointed	11/05/2022
	Resigned	08/06/2022
Penny Gerstle	Appointed	11/05/2022
	Resigned	31/10/2022
Prabha Nandagopal	Appointed	11/05/2022
Hela Ebrahimi	Appointed	11/05/2022
	Resigned	23/11/2022
Mathew Steele	Appointed	05/12/2022
Cara Boljevac	Appointed	06/02/2023

Members of Committee Qualifications and Experience

NAME	EXPERIENCE	QUALIFICATION
Khurshida Ajam	Marketing Consultant	MCom, BA Psychology
Mahboba Rawi	Social Worker	OAM
Manijah Hakim	Team Leader, public administration	BAdEd MIS
Shirin Dawood	Accountant	CPA
Shehana Talib	Superannuation and Law	IT
Nawid Cina	Operations MP	Law/International Studies
Kajol Moopanar	Lawyer	Juris Doctor in Law
Asad Zaman	Accountant	CPA
Penny Gerstle	Human Rights Advocate	BA, MA (JPN Bus), MIL, MA
Prabha Nandagopal	Lawyer	LLB (Hons)
Hela Ebrahimi	Lawyer	LLB/BBus(Mgt)
Mathew Steele	Accountant	CA, MPA, MTax
Cara Boljevac	Lawyer	LLB (Hons)/BA

**Mahboba's Promise Incorporated
Management Committees' Report
For the year ended 30 June 2022**

Principal activities

Mahboba's Promise Incorporated is a not-for-profit organisation which has authority under section 13A of the *Charitable Fundraising Act 1991*, subject to compliance with the Act, the *Charitable Fundraising Regulation 2015* to raise funds for the welfare and development of widows and orphans primarily in Afghanistan. It raises funds through personal and corporate donations, sponsorships of widows and orphans and special events.

Significant changes

As outlined in the summary of operations below, there was a significant change in the nature of these activities that occurred during the year as a result of the change in regime in Afghanistan. Please refer to the summary of operations for further details.

Operating result

The surplus from ordinary activities of the Association for the financial year amounted to \$3,293,327 (2021: \$727,276).

Summary of operations 2021-2022

Mahboba's Promise Incorporated had three key strategic goals at the beginning of the 2021-2022 period:

- Goal 1: Empower Afghan women and children to make a positive and permanent impact on their lives and their community:
- Goal 2: Improve organisational effectiveness:
- Goal 3: Enhance relationships with stakeholders.

These goals reflect the organisation's commitment to transitioning from immediate aid assistance toward sustainable development programs that promote long-term individual and community progress.

However, these strategic goals were required to be deferred following the extraordinary events of August 2021.

15 August 2021 saw the fall of the Government of Afghanistan and the rise of a new regime. Whilst Mahboba's Promise Incorporated's Sydney office was closed due to the COVID lockdown, Mahboba's Promise Incorporated had to respond urgently and effectively to this crisis that unfolded in Afghanistan.

The primary focus during the initial crisis was the evacuation of at-risk staff before the 31 August 2021 deadline provided to western organisations. It was assessed that the orphans in two of the Hope Houses funded by Mahboba's Promise Incorporated were also at risk. These orphanages, which also house Mahboba's Promise Incorporated's program offices, carried the strongest public connection to Australia.

Over 100 staff and vulnerable children were identified as being at significant risk and were included in our evacuation efforts. Management Committee member Nawid (Sourosh) Cina led the evacuation and worked alongside Mahboba Rawi on the wider humanitarian response on the ground. These efforts led to the evacuation of 17 individuals to Australia in September 2021. Mahboba's Promise Incorporated mobilised its staff and volunteers in Sydney to supplement settlement services for these new arrivals.

From October 2021 onwards, Mahboba's Promise Incorporated continued evacuation work and expanded its humanitarian efforts. It was evident emergency relief was the primary need, as Afghanistan fell into complete economic crisis. International aid programs were withdrawn or suspended, tens of millions lost their livelihoods, and millions were starving. Mahboba's Promise Incorporated however continued to provide aid to those displaced by conflict in Panjshir Valley. It also expanded its operations into Southern Afghanistan following earthquakes in that region to provide medical support and food relief to women and children.

In March 2022, Sourosh led a humanitarian mission for Mahboba's Promise Incorporated on the ground in Afghanistan, making Mahboba's Promise Incorporated one of the first Australian Non-Governmental Organisations (NGOs) to send Australian staff into the country since the change in regime. Whilst Sourosh was on the ground in Afghanistan, he worked with another MC member, Sarah Dale, and both were able to provide critical information that resulted in the remaining visas for at-risk orphans, staff and widows being granted.

**Mahboba's Promise Incorporated
Management Committees' Report
For the year ended 30 June 2022**

Whilst in Afghanistan, Mahboba's Promise Incorporated assessed the new reality for widows and orphans living there and began planning on how to expand Mahboba's Promise Incorporated's work. In addition to expanding support for widows and orphans, Mahboba's Promise Incorporated have developed and proposed a program that will provide alternative high school education for 10,000 girls who have lost their opportunity to attend school. This program is due to begin in early 2023.

Mahboba's Promise Incorporated has adapted to meet the rapidly growing needs of vulnerable women and children in Afghanistan. Its focus during the 2021-2022 financial year has been on the ground in Afghanistan, and it is now working through the implications of its expanded scope of work in both Australia and Afghanistan.

Mahboba's Promise Incorporated is taking the governance and operational steps to adjust to this expanded scope. There are a number of new additions to the Management Committee and to staff in both Australia and Afghanistan to ensure Mahboba's Promise Incorporated can continue to carry out its mission and grow sustainably.

Moving forward, Mahboba's Promise Incorporated will continue to operate its existing projects, including the Hope Houses, Permaculture Farm and Confectionary Factory. Along with these projects, Mahboba's Promise Incorporated will undertake new programs tailored to the new reality in Afghanistan to assist widows, orphans and young women, such as the program to provide alternative high school education for 10,000 girls that can no longer attend school. Mahboba's Promise Incorporated will also continue with providing settlement services in Australia to the new arrivals that were evacuated from Afghanistan after the change in regime.

The past year has shown that organisations like Mahboba's Promise Incorporated – highly adaptable, rooted in the communities it serves, and committed to serve in any circumstance – are needed in Afghanistan more than ever.

Financial Health

The 2021-2022 fundraising year saw Mahboba's Promise Incorporated generate more than \$2.7 million in revenue. This amount of revenue is unprecedented for Mahboba's Promise Incorporated, being 167% higher than last year. Australians were moved to donate by the extraordinary events of August 2021, with the fall of the Government of Afghanistan and the rise of a new regime. The Management Committee do not expect this level of revenue to be repeated in the 2022-2023 fundraising year, with revenue expected to fall to baseline.

The change in the Government of Afghanistan resulted in Afghan bank accounts being frozen. Mahboba's Promise Afghanistan had the foresight to ensure there were minimal funds in its Afghan bank account. However, the freezing of its bank account resulted in difficulty in sending funds to Afghanistan during and shortly after the change in Government. This difficulty in sending funds to Afghanistan has eased, and it is expected that Mahboba's Promise Incorporated's cash balance will reduce as its planned projects in Afghanistan begin.

Mahboba's Promise Incorporated's operating ratios are quite healthy and as of the end of financial year the organisation's cash balance is sufficient to cover at least 12 months of actual expenses required to operate the organisation.

Future developments

The Association expects to increase the scope and level of operations in Afghanistan, with projects tailored to the new reality in Afghanistan to assist widows, orphans and young women in Afghanistan. It will also focus on continuing to provide settlement services to the new arrivals in Australia.

**Mahboba's Promise Incorporated
Management Committees' Report
For the year ended 30 June 2022**

After Balance Date Events

The change in the Government of Afghanistan continues to create disruption to the normal operations in Afghanistan. An Emergency Relief fund was launched to assist the displaced families camped out of Kabul.

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

Environmental Regulations

The Association's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Indemnification and insurance of officers and auditors

The Association holds indemnity insurance cover for members of the Management Committee.

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Management Committees' report for the year ended 30 June 2022.

Signed in accordance with a resolution of the Members of the Committee:

Committee member:
Khurshida Ajam

Committee member: *Mathew Steele*
Mathew Steele

Sydney
Dated: *10 March 2023*

Auditor's Independence Declaration under Sub-division 60-40 of the *Australian Charities and Not-for-profit Commission Act, 2012* to the members of the Management Committee of Mahboba's Promise Incorporated.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia

Nexia Sydney Audit Pty Ltd

Fisher

Stephen Fisher

Director

Sydney

Dated: 10 March 2023

Independent Auditor's Report to the Members of Mahboba's Promise Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mahboba's Promise Incorporated (the Association), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Management Committee's declaration.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- i) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which explains that Mahboba's Promise is an Australian non-profit voluntary organisation dedicated to the widows and children of Afghanistan. However, due to ongoing political unrest in Afghanistan there is significant doubt that the association will be able to continue to fulfil its objectives. This civil unrest has already brought some practical challenges such as the inability to transfer of funds to Afghanistan due to all banks being non-operational. These events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Management Committee are responsible for the other information. The other information comprises the information in Mahboba's Promise Incorporated's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management Committee' responsibility for the financial report

The Management Committee of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the Management Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the Requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2015 (NSW)

We have audited the financial report as required by section 24(2) of the Charitable Fundraising Act 1991 (NSW). Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015.

Because of any inherent limitations of any assurance engagement, it possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements prescribed in the above-mentioned Act and Regulation as an audit is not performed continuously throughout the period and the audit procedures performed in respect of

compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) The financial report gives a true and fair view of the financial results of fundraising appeal activities for the financial year ended 30 June 2022;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the financial year ended 30 June 2022, in accordance with the Charitable Fundraising Act 1991 and Regulations;
- c) Money received as a result of fundraising appeal activities conducted during the financial year ended 30 June 2022 has, in all material respects, been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and Regulations; and
- d) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.



Nexia Sydney Audit Pty Ltd



Stephen Fisher

Director

Dated this 10th day of March 2023
Sydney

Mahboba's Promise Incorporated
Management committees' declaration
For the year ended 30 June 2022

The Management Committee of Mahboba's Promise Incorporated declare that, in their opinion:

- The attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012, the Charitable Fundraising Act 1991 and associated regulations;
- The attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe the registered entity is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with a resolution of the Board of Management/directors pursuant to Regulation 60-15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Khurshida Ajam
Committee member

Mathew Steele
Mathew Steele
Committee member

10 March 2023

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Mahboba's Promise Incorporated
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenues and other income	5	4,365,594	1,632,016
Interest revenue		4,155	7,749
Funds to international programs		(375,203)	(500,243)
Funds to domestic programs		(26,482)	(132,936)
Employee expenses	6	(242,159)	(152,096)
Operating expense		(403,348)	(103,330)
Depreciation expense - right-of-use assets	9	(15,523)	(13,101)
Depreciation expense	10	<u>(13,707)</u>	<u>(10,783)</u>
Surplus for the year attributable to the members of Mahboba's Promise Incorporated		3,293,327	727,276
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of Mahboba's Promise Incorporated		<u><u>3,293,327</u></u>	<u><u>727,276</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mahboba's Promise Incorporated
Statement of financial position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	5,305,734	2,186,761
Other assets	8	238,971	7,640
Total current assets		<u>5,544,705</u>	<u>2,194,401</u>
Non-current assets			
Right-of-use assets	9	12,017	23,299
Property, plant and equipment	10	25,707	24,155
Total non-current assets		<u>37,724</u>	<u>47,454</u>
Total assets		<u>5,582,429</u>	<u>2,241,855</u>
Liabilities			
Current liabilities			
Other creditors	11	82,924	7,826
Lease liabilities	12	12,047	13,505
Employee benefits	13	28,933	24,474
Unearned revenue	14	716	20,733
Total current liabilities		<u>124,620</u>	<u>66,538</u>
Non-current liabilities			
Lease liabilities	12	-	10,835
Total non-current liabilities		<u>-</u>	<u>10,835</u>
Total liabilities		<u>124,620</u>	<u>77,373</u>
Net assets		<u>5,457,809</u>	<u>2,164,482</u>
Equity			
Retained surplus		<u>5,457,809</u>	<u>2,164,482</u>
Total equity		<u>5,457,809</u>	<u>2,164,482</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Mahboba's Promise Incorporated
Statement of changes in equity
For the year ended 30 June 2022

	Retained surplus \$	Total equity \$
Balance at 1 July 2020	1,437,206	1,437,206
Surplus for the year	727,276	727,276
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>727,276</u>	<u>727,276</u>
Balance at 30 June 2021	<u>2,164,482</u>	<u>2,164,482</u>
	Retained surplus \$	Total equity \$
Balance at 1 July 2021	2,164,482	2,164,482
Surplus for the year	3,293,327	3,343,327
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>3,293,327</u>	<u>3,343,327</u>
Balance at 30 June 2022	<u>5,457,809</u>	<u>5,507,809</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mahboba's Promise Incorporated
Statement of cash flows
For the year ended 30 June 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from operations		4,541,878	1,885,484
Operating payments		(1,390,846)	(1,180,531)
Interest received		1,318	7,749
		<u>3,152,350</u>	<u>712,702</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment	10	(35,617)	(4,652)
Proceeds from disposal of property, plant and equipment		20,000	-
		<u>(15,617)</u>	<u>(4,652)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of lease liabilities		(17,760)	(12,815)
		<u>(17,760)</u>	<u>(12,815)</u>
Net cash used in financing activities			
Net increase in cash and cash equivalents		3,118,973	695,235
Cash and cash equivalents at the beginning of the financial year		<u>2,186,761</u>	<u>1,491,526</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>5,305,734</u></u>	<u><u>2,186,761</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 1. Reporting Entity

The Mahboba's Promise Incorporated (the "Association") is an Association domiciled in Australia and is registered as a Registrable Australian Body under the Associations Incorporation Act 2009. The address of the Association's registered office is 74 Agincourt Road, Marsfield NSW 2122. The Association is a reporting entity.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

The following Accounting Standards and Interpretations are most relevant to the incorporated association:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The incorporated association has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the incorporated association's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The incorporated association has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Going concern

Mahboba's Promise is an Australian non-profit voluntary organisation dedicated to the widows and children of Afghanistan. However, due to ongoing political unrest in Afghanistan there is a significant doubt that the association will be able to continue to fulfil its objectives. This civil unrest has already brought some practical challenges such as the inability to transfer of funds to Afghanistan easily due to all banks being non-operational. These events or conditions indicate that a material uncertainty exists that may limit the Association's ability to continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and New South Wales legislation the Associations Incorporation Act 2009 and associated regulations, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates, trade allowances and duties and taxes paid.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Donations and gifts

Donations and gifts are recognised as revenue when the company gains control or right to receive, economic benefits are probable, and the amount of the donation or gifts can be measured reliably in accordance with AASB 1058.

Interest

Interest revenue is recognised as interest accrued using the effective interest method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax

Mahboba's Promise Incorporated is authorised to raise funds in all the major states of Australia. As a not-for-profit fundraising organisation, Mahboba's Promise Incorporated has been endorsed by the ATO as being a Deductible Gift Recipient entity, and therefore is exempt from income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5-10 years (20%-10%)
Motor vehicle	8 years (12.5%)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the incorporated association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The incorporated association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incorporated association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Retained surpluses

Retained surpluses are maintained for the purpose of investing in future projects and are to be used solely to promote the objectives of the Association as set out in the Constitution.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 4. Restatement of comparatives

Correction of error

An error was discovered in the recording of other creditor balance. This resulted in the payable and expenses being overstated. Extracts (being only those line items affected) are disclosed below.

Statement of profit or loss and other comprehensive income

	2021 Reported \$	Adjustment \$	2021 Restated \$
Funds to international programs	(532,059)	31,816	(500,243)
Surplus for the year attributable to the members of Mahboba's Promise Incorporated	695,460	31,816	727,276
Total comprehensive income for the year attributable to the members of Mahboba's Promise Incorporated	695,460	31,816	727,276

	2021 Reported \$	Adjustment \$	2021 Restated \$
Liabilities			
Current liabilities			
Other creditors	39,642	(31,816)	7,826
Total current liabilities	98,354	(31,816)	66,538
Total liabilities	109,189	(31,816)	77,373
Net assets	2,132,666	31,816	2,164,482
Equity			
Retained surplus	2,132,666	31,816	2,164,482
Total equity	2,132,666	31,816	2,164,482

Note 5. Revenues and other income

	2022 \$	2021 \$
Donations & gifts	4,261,745	1,474,572
Grants	73,171	125,643
Other income	17,110	2,650
Revenue for welfare programs	13,568	14,151
Covid-19 stimulus	-	15,000
	<u>4,365,594</u>	<u>1,632,016</u>

Mahboba's Promise Incorporated operates to provide assistance to the widows and children of Afghanistan through development and welfare projects.

The emergency appeal for Afghanistan displacement is the most significant fundraising activity during FY2022. The donations received for emergency appeal will be used for survival kits, temporary shelter, clothes, and food.

In FY2021, the sponsorship program was the most significant fundraising activity. Donors apply to sponsor a widow or child and agree to remit a monthly amount of \$50 for a widow and \$35 for a child on a periodic basis, either monthly or annually. Sponsorship is used for individual and community development.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 6. Employee expenses

	2022	2021
	\$	\$
Wages	195,053	153,096
Annual leave	3,618	(4,063)
Long service leave	841	(12,349)
Superannuation	20,662	13,221
Volunteer expenses	814	2,191
Social worker expenses	19,200	-
Other expenses	1,971	-
	<u>242,159</u>	<u>152,096</u>

Note 7. Cash and cash equivalents

	2022	2021
	\$	\$
<i>Current</i>		
Cash on hand	50	112
Cash at bank	3,818,400	705,699
Short-term deposits	1,466,751	1,466,049
Cash held in Afghanistan	20,533	14,901
	<u>5,305,734</u>	<u>2,186,761</u>

Note 8. Other assets

	2022	2021
	\$	\$
<i>Current</i>		
Uncollected remittance to MPA	188,000	4,608
Receivable from related party - see Note 17	27,413	-
Prepayments	15,134	3,032
Other assets	6,555	-
PAYG Withholding	1,869	-
	<u>238,971</u>	<u>7,640</u>

Note 9. Right-of-use assets

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	25,915	46,446
Less: Accumulated depreciation	(14,808)	(24,772)
	<u>11,107</u>	<u>21,674</u>
Computer equipment - right-of-use	2,340	2,340
Less: Accumulated depreciation	(1,430)	(715)
	<u>910</u>	<u>1,625</u>
	<u>12,017</u>	<u>23,299</u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 10. Property, plant and equipment

	2022	2021
	\$	\$
<i>Non-current</i>		
Plant and equipment - at cost	23,298	19,499
Less: Accumulated depreciation	<u>(16,043)</u>	<u>(15,016)</u>
	<u>7,255</u>	<u>4,483</u>
Motor vehicles - at cost	41,761	32,670
Less: Accumulated depreciation	<u>(26,218)</u>	<u>(19,002)</u>
	<u>15,543</u>	<u>13,668</u>
Computer - at cost	25,630	25,630
Less: Accumulated depreciation	<u>(22,721)</u>	<u>(19,626)</u>
	<u>2,909</u>	<u>6,004</u>
	<u><u>25,707</u></u>	<u><u>24,155</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Plant and equipment	Motor vehicles	Computer	Total
	\$	\$	\$	\$
Balance at 1 July 2021	4,483	13,668	6,004	24,155
Additions	3,798	31,818	-	35,616
Disposals	-	(20,358)	-	(20,358)
Depreciation expense	<u>(1,027)</u>	<u>(9,584)</u>	<u>(3,095)</u>	<u>(13,706)</u>
Balance at 30 June 2022	<u><u>7,254</u></u>	<u><u>15,544</u></u>	<u><u>2,909</u></u>	<u><u>25,707</u></u>

Note 11. Other creditors

	2022	2021
	\$	\$
<i>Current</i>		
Other	82,924	5,676
PAYG withholding	-	8,461
Payable to related party - see note 17	<u>-</u>	<u>(6,311)</u>
	<u><u>82,924</u></u>	<u><u>7,826</u></u>

Note 12. Lease liabilities

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>12,047</u>	<u>13,505</u>
<i>Non-current liabilities</i>		
Lease liability	<u>-</u>	<u>10,835</u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 13. Employee benefits

	2022	2021
	\$	\$
<i>Current</i>		
Annual leave	16,900	13,282
Long service leave	12,033	11,192
	<u>28,933</u>	<u>24,474</u>

Note 14. Unearned revenue

	2022	2021
	\$	\$
<i>Current</i>		
Deferred revenue	716	20,733
	<u>716</u>	<u>20,733</u>

Note 15. Notes to statement of cash flows

Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash at bank and held on deposit, at the end of the financial year as shown in the Statement of cash flows and the balance sheet as follows:

	2022	2021
	\$	\$
Cash at bank	3,838,982	720,712
Fixed interest securities	1,466,752	1,466,049
	<u>5,305,734</u>	<u>2,186,761</u>

Note 16. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Note 17. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	2022	2021
	\$	\$
Payment for other expenses:		
Consulting fees paid to key management personnel	50,000	-

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022	2021
	\$	\$
Current payables:		
Trade payables to key management personnel	50,000	-

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 17. Related party transactions (continued)

Key management personnel compensation

Key management personnel compensation for the financial year ended 30 June 2022 is set out below. Of the key management personnel, Mahboba Rawi was a member of the Management Committee during the year and received remuneration for her role as Fundraising Manager for Afghanistan Projects. Other key personnel included were Sadiq Rawi (CEO) up until September 2020.

	2022	2021
	\$	\$
Short-term benefits	44,746	102,300
Other long-term benefits	-	7,277
	<u>44,746</u>	<u>109,577</u>

Other related party transactions

	2022	2021
	\$	\$
Loan receivable from Mahboba Rawi	<u>27,413</u>	<u>6,311</u>

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the incorporated association:

	2022	2021
	\$	\$
<i>Audit Services</i>		
Nexia Sydney Audit Pty Ltd	<u>16,300</u>	<u>15,573</u>

Note 19. Contingencies and commitments

In the opinion of the committee of management, the association did not have any contingencies at 30 June 2022 (30 June 2021:None).

Note 20. Charitable fundraising disclosure

During the year, the entity received gross income from fundraising activities of \$2,588,299 (2021: \$152,928). The total costs incurred in respect of fundraising were \$18,289 (2021: \$70,451).

	2022	2021
	\$	\$
Fundraising income	2,588,299	152,928
Staff costs	<u>(18,289)</u>	<u>(70,451)</u>
	<u>2,570,010</u>	<u>82,477</u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2022

Note 20. Charitable fundraising disclosure (continued)

	2022 \$	2022 %	2021 \$	2021 %
Total cost of fundraising	18,289	-	70,451	-
Gross income from fundraising	2,588,299	1.00%	152,928	46.00%
Net surplus from fundraising	2,570,010	-	52,999	-
Gross income from fundraising	2,588,299	99.00%	152,928	54.00%
Total expenditure	18,289	-	70,451	-
Gross income from fundraising	2,588,299	-	152,928	-

Mahboba's Promise Incorporated
ACFID financial reports
30 June 2022

ACFID Formatted Income Statement for the year ended 30 June 2022
(Statement of Profit or Loss and Other Comprehensive Income)

	2022	2021
	\$	\$
REVENUE		
Donations and Gifts		
Monetary	3,873,945	1,242,475
Non Monetary	-	-
Bequests & Legacies	-	-
Grants		
Department of Foreign Affairs and Trade	-	-
Other Australian	73,171	125,643
Other Overseas	-	-
Investment Income	4,155	7,749
Commercial Activities Income	13,568	-
Other Income	25,737	58,172
Revenue for International Political or Religious Adherence Promotion Programs	-	-
Revenue for Welfare Programs	379,173	205,727
TOTAL REVENUE	<u>4,369,749</u>	<u>1,639,766</u>
EXPENDITURE		
International Aid and Development Programs Expenditure		
International programs		
Funds to international programs	373,254	514,856
Program support costs	294,108	62,037
Community education	-	6,080
Fundraising costs		
Public	18,289	101,358
Government, multilateral and private	-	4,987
Accountability and Administration	229,372	109,711
Non-monetary Expenditure	-	-
Total International Aid and Development Programs Expenditure	<u>915,023</u>	<u>799,029</u>
International Political or Religious Adherence Promotion Programs Expenditure	-	-
Domestic Programs Expenditure	26,482	136,691
Commercial Activities Expenditure		
Expenditure for Welfare Programs	124,288	8,586
Other Expenditure	10,629	-
TOTAL EXPENDITURE	<u>1,076,422</u>	<u>944,306</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>3,293,327</u>	<u>695,460</u>

Mahboba's Promise Incorporated
ACFID financial reports
30 June 2022

ACFID Formatted Balance Sheet
(Statement of Financial Position)

	2022	2021
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	5,305,734	2,186,761
Other assets	238,971	7,640
Total Current Assets	<u>5,544,705</u>	<u>2,194,401</u>
Non Current Assets		
Property, plant and equipment	37,724	47,454
Total Non Current Assets	<u>37,724</u>	<u>47,454</u>
TOTAL ASSETS	<u>5,582,429</u>	<u>2,241,855</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	82,924	7,826
Other financial liabilities	12,047	13,505
Provisions	28,933	24,474
Other	716	20,733
Total Current Liabilities	<u>124,620</u>	<u>66,538</u>
Non Current Liabilities		
Other financial liabilities	-	10,835
Total Non Current Liabilities	<u>-</u>	<u>10,835</u>
TOTAL LIABILITIES	<u>124,620</u>	<u>77,373</u>
NET ASSETS	<u>5,457,809</u>	<u>2,164,482</u>
EQUITY		
Reserves	-	-
Retained Earnings	5,457,809	2,164,482
TOTAL EQUITY	<u>5,457,809</u>	<u>2,164,482</u>

Mahboba's Promise Incorporated
ACFID financial reports
30 June 2022

(ACFID Statement of Changes in Equity)

	Retained Surplus	Reserves	Total
	\$	\$	\$
Balance at 1 July 2021	2,132,666	-	2,132,666
Correction of prior period error	31,816	-	31,816
Items of other comprehensive income	-	-	-
Excess of revenue over expenses	3,293,327	-	3,293,327
Other amounts transferred (to) or from reserves	-	-	-
Balance at 30 June 2022	<u>5,457,809</u>	<u>-</u>	<u>5,457,809</u>

INDEPENDENT AUDITOR'S REPORT

To the members of Mahboba's Promise Incorporated

We have audited the summarized Australian Council for International Development (ACFID) Code of Conduct Summary Financial Report of Mahboba's Promise Incorporated on pages 25 to 27 of the Financial Statements for the year ended 30 June 2022 in accordance with the Australian Auditing Standards.

Opinion

In our opinion, the information reported in the ACFID summarised financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed our audit opinion in our report to the members. For a better understanding of the scope of our audit this report should be read in conjunction with our audit report on the annual statutory financial report.



Nexia Sydney Audit Pty Ltd



Stephen Fisher
Director

Dated: 10 March 2023
Sydney



**MAHBOBA'S
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