

Mahboba's Promise Incorporated

ABN 85 254 682 685

Financial Statements - 30 June 2023

Mahboba's Promise Incorporated
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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 31 January 2024.

**Mahboba's Promise Incorporated
Management committees' report
For the year ended 30 June 2023**

The Committee members submit the financial report of Mahboba's Promise Incorporated (the "Association") for the financial year ended 30 June 2023.

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
Nawid Cina	Appointed	26/11/2019
Prabha Nandagopal	Appointed	11/05/2022
	Resigned	23/03/2023
Mathew Steele	Appointed	05/12/2022
	Resigned	04/06/2023
Cara Boljevac	Appointed	06/02/2023
Ashaque Nazim	Appointed	05/06/2023
Heather Pym	Appointed	06/03/2023
Sayed Housaini	Appointed	06/03/2023

Members of committee qualifications and experience

Name	Experience	Qualification
Khurshida Ajam	Marketing executive	MCom, BA Psychology
Mahboba Rawi	Social Worker	OAM
Nawid Cina	Operations MP	Law/International Studies
Prabha Nandagopal	Lawyer	LLB (Hons)
Mathew Steele	Chartered Accountant	CA, MPA, MTax
Cara Boljevac	Law Graduate	LLB (Hons), BA
Ashaque Nazim	Consultant	BEng (Hons), MM, M(Eng)
Heather Pym	Lawyer	LLB(Hons), BA(Ints)
Sayed Housaini	Consultant	BSc (IT)

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 results

The surplus from ordinary activities of the Association for the financial year amounted to \$221,503 (2022: \$3,293,327).

**Mahboba's Promise Incorporated
Management committees' report
For the year ended 30 June 2023**

Summary of operations 2022-2023

Mahboba's Promise Incorporated revised key strategic priorities during 2022-2023 period (**FY 2023**):

- **Priority 1:** Maintain and expand overseas development and aid to vulnerable Afghan women, children and families in Afghanistan and surrounding regions.
- **Priority 2:** Support the resettlement of the many newly arrived Afghan evacuees, including the over 100 unaccompanied children and vulnerable families Mahboba's Promise evacuated to Australia by August 2022.
- **Priority 3:** Build Mahboba's Promise Incorporated operational capacity to align more strongly with UN Sustainable Development Goals.

These strategic priorities reflect the organisation's ongoing commitment to promoting sustainable development programs and providing humanitarian aid in Afghanistan, alongside an expanding focus on vulnerable women and children from refugee & culturally diverse backgrounds in Australia.

The primary event that marked FY 2023 was the completion of the organisation's evacuation efforts which began in August 2021. After the fall of the Afghan Government in 2021, Mahboba's Promise Incorporated was required to evacuate at-risk individuals, families and unaccompanied children associated with its programs in Afghanistan. By October 2022, Mahboba's Promise Incorporated, working alongside the Australian Government, the Refugee Advice & Casework Service, and a range of other advocates, succeeded in evacuating over 100 at-risk individuals. The cohort includes one of the largest groups of unaccompanied children evacuated in Australia's history. These were children who had been in our care in Afghanistan for many years. The evacuations were a mammoth and high-risk process that required significant planning, caution and cross sector collaboration. We are deeply grateful for all who assisted and continue to assist these new arrivals, from their evacuation, to ongoing care.

The success of the evacuations marked an important inflection point in the expansion of the mission, vision and reach of Mahboba's Promise Incorporated. In recognition of the evacuations and for the organisation's humanitarian work in Afghanistan, Mahboba Rawi and Sourash (Nawid) Cina were awarded the prestigious Australian Human Rights Medal by the Australian Human Rights Commission in December 2022. Australian Story, produced by the Australian Broadcasting Corporation (**ABC**), also released a story on the evacuations, for any individual interested to learn more.

To support the incoming children, families and at-risk individuals, Mahboba's Promise Incorporated worked with the Australian Government and various settlement bodies to provide supplementary support for a highly tailored settlement program for the new arrivals. The organisation focused on the mental, emotional and physical health needs of the children and other new arrival. To date, Mahboba's Promise Incorporated has provided food security, accommodation support, a range of recreational activities that include swimming lessons, soccer training, tutoring, art classes and all round generalized support for the new arrivals. The organisation has also secured prestigious scholarships for a number of the children. The goal of these programs is to ensure the children adapt smoothly to their new environment whilst ensuring they maintain important cultural connections. We continue to work with various settlement bodies towards these goals.

Although the evacuations have expanded the mission to work in Australia, Mahboba's Promise Incorporated continues to rapidly adapt to the needs of vulnerable women and children in Afghanistan. All flagship projects continue, and a number of projects have been created to adapt to new needs. Our Hope Houses, Permaculture Farm, Widows and Orphans Sponsorship, and Confectionary Factory projects continue to thrive, meeting the immediate and long-term needs of thousands of widows and orphans. Our teams in Afghanistan have displayed tremendous courage and creativity to ensure our projects are delivered in the best manner possible.

The Street Kids campaign continues to support children obligated to work on the street by providing them support to move off the streets, and into schooling opportunities.

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The organisation's focus on sustainable programs for women continues, despite the many barriers to women's participation in the workforce. In 2023, The Strings of Hope program was launched as a capacity building initiative aimed at empowering women to learn carpet weaving and tailoring skills to uplift themselves towards a more autonomous future. In Kabul, 40 widowed and financially vulnerable women have already produced multiple carpets they are now selling in local markets. In Panjshir Valley, almost 50 more women were taught tailoring skills.

In FY 2023, Mahboba's Promise Incorporated continued planning for the implementation of a project that will provide thousands of girls the opportunity to continue their high school curriculum, despite current restrictions.

The organisation continues to demonstrate a strong ability to respond to emergencies on the ground. In March 2023, a magnitude 6.5 earthquake struck Badakhshan Province causing devastation throughout the region. The Afghanistan emergency response team was swiftly mobilized to provide immediate relief through medical assistance, shelter, and food supplies, particularly to widows and children in need. A growing focus in immediate disaster relief has also been the provision of mental health first aid for children, to help them process the shock of the event. The team is committed to centralising a trauma centred approach to all its immediate relief responses.

To increase the organisation's impact, Mahboba's Promise Incorporated has sought to align its programs more closely with the United Nations Sustainable Development Goals (UNSDGs). As a result, Mahboba's Promise Incorporated was able to support Mahboba's Promise Afghanistan in the successful application of a number of UN grants, including from the UN Women Trust Fund. The grant, the first of its kind for the organisation, reflects the charity's increasing stature in Afghanistan, and recognition for the work it can undertake on the ground. Moving forward, Mahboba's Promise Incorporated will be developing a number of projects that more strongly align to UNSDGs, so as to expand our assistance on the ground.

Mahboba's Promise Incorporated has adapted to meet the rapidly growing needs of vulnerable women and children in Afghanistan. Its focus during FY 2023 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.

This financial year has allowed Mahboba's Promise Incorporated to enhance its governance structure and refine its operations to aligns with the expanded scope of its mission. This focus on refinement and growth will continue to be a priority into the coming year. There are a number of new additions to the Management Committee and to staff in both Australia and Afghanistan, ensuring that Mahboba's Promise Incorporated can effectively pursue its mission and grow sustainably.

In this financial year, Mahboba's Promise Incorporated has continued to demonstrate it's nature as a highly adaptable, effective grassroots organisation, one that is needed in an ever more complicated Afghanistan.

Financial Health

The 2022-2023 fundraising year saw Mahboba's Promise Incorporated's revenue return to baseline level, following the unprecedented level of donations received by the organisation in the months after the change in Afghanistan's Government in August 2021. This return to baseline was expected by the Management Committee and was budgeted for accordingly. This baseline level of revenue has continued to support the organisation's aid and development work in Afghanistan, and well as provide increasing support to the evacuees in Australia.

Funds spent on international programs increased 67% from the 2021-2022 financial year (**FY 2022**). This increase is due to the organisation supporting a number of new projects such as the The Street Kids campaign and the Strings of Hope program, the provision of earthquake support following the Badakhshan Province earthquake in March 2023, and the ongoing support of all flagship projects such as the Hope Houses, Permaculture Farm, Widows and Orphans Sponsorship, and Confectionary Factory. The Management Committee expects this increase in spend on international programs to continue as new projects are implemented in Afghanistan.

**Mahboba's Promise Incorporated
Management committees' report
For the year ended 30 June 2023**

Funds spend on domestic programs increased over 100% from FY 2022. This was due to the increasing support the organisation is providing to the children, families and at-risk individuals that were evacuated from Afghanistan to Australia, in the form of food security, accommodation support, a range of organised sporting and training activities. The Management Committee expects this spend to continue into the 2023-2024 financial year.

Employee expenses increased during the year by 32% as a result of new staff additions. These additions were made to ensure that the organisation can continue to carry out its mission, as well as provide the necessary capabilities to support the evacuees in Australia.

Mahboba's Promise Incorporated has a significant cash balance as at 30 June 2023, which is more than sufficient to cover the organisation's operating expenses over the coming 12 months. These funds will be used to support the expanded operations in Afghanistan, as well as to provide increasing support for newly arrived refugees now in Australia.

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.

After balance date events

On 13 September 2023, the Association received a notice of endorsement for charity tax concessions as a result of the approval of their status as registered public benevolent institution. The tax concessions include income tax, GST, and FBT exemption.

Subsequently, on 10 January 2024, the Association received a notice of endorsement as a deductible gift recipient with effectivity date starting 19 December 2023.

Other than those disclosed, there are no 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 6 and forms part of the Management Committees' report for the year ended 30 June 2023.

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



Khurshida Ajam
Committee member



Sourosh Cina
Committee member

31 January 2024

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 2023 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: 31 January 2024

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 2023, 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 2023 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 2022.

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.

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 2023, 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 2021 (NSW)

We have audited the financial report as required by section 24 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 2021.

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 2023;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the financial year ended 30 June 2023, 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 2023 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

Nexia Sydney Audit Pty Ltd



Stephen Fisher
Director

Dated this 31st day of January 2024
Sydney

Mahboba's Promise Incorporated
Management committees' declaration
For the year ended 30 June 2023

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 2023 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 2022.



Khurshida Ajam
Committee member



Sourosh Cina
Committee member

31 January 2024

Mahboba's Promise Incorporated
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenues and other income	4	1,567,442	4,365,594
Interest revenue		37,743	4,155
Funds to international programs		(626,761)	(375,203)
Funds to domestic programs		(53,064)	(26,482)
Employee expenses	5	(320,535)	(242,159)
Operating expense		(358,134)	(403,348)
Depreciation expense - right-of-use assets	8	(15,500)	(15,523)
Depreciation expense - property, plant and equipment	9	<u>(9,688)</u>	<u>(13,707)</u>
Surplus for the year attributable to the members of Mahboba's Promise Incorporated		221,503	3,293,327
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>221,503</u></u>	<u><u>3,293,327</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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	5,664,915	5,305,734
Other assets	7	106,067	238,971
Total current assets		<u>5,770,982</u>	<u>5,544,705</u>
Non-current assets			
Right-of-use assets	8	10,972	12,017
Property, plant and equipment	9	13,124	25,707
Total non-current assets		<u>24,096</u>	<u>37,724</u>
Total assets		<u>5,795,078</u>	<u>5,582,429</u>
Liabilities			
Current liabilities			
Other creditors	10	61,962	82,924
Lease liabilities	11	11,100	12,047
Employee benefits	12	26,493	28,933
Unearned revenue	13	16,211	716
Total current liabilities		<u>115,766</u>	<u>124,620</u>
Total liabilities		<u>115,766</u>	<u>124,620</u>
Net assets		<u>5,679,312</u>	<u>5,457,809</u>
Equity			
Retained surplus		<u>5,679,312</u>	<u>5,457,809</u>
Total equity		<u>5,679,312</u>	<u>5,457,809</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 2023

	Retained surplus \$	Total equity \$
Balance at 1 July 2021	2,164,482	2,164,482
Surplus for the year	3,293,327	3,293,327
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>3,293,327</u>	<u>3,293,327</u>
Balance at 30 June 2022	<u>5,457,809</u>	<u>5,457,809</u>
	Retained surplus \$	Total equity \$
Balance at 1 July 2022	5,457,809	5,457,809
Surplus for the year	221,503	221,503
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>221,503</u>	<u>221,503</u>
Balance at 30 June 2023	<u>5,679,312</u>	<u>5,679,312</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 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from operations		1,747,804	4,541,878
Operating payments		(1,380,733)	(1,390,846)
Interest received		4,162	1,318
		<u>371,233</u>	<u>3,152,350</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	(3,923)	(35,617)
Proceeds from disposal of property, plant and equipment		7,273	20,000
		<u>3,350</u>	<u>(15,617)</u>
Cash flows from financing activities			
Repayment of lease liabilities	11	(15,402)	(17,760)
		<u>(15,402)</u>	<u>(17,760)</u>
Net increase in cash and cash equivalents		359,181	3,118,973
Cash and cash equivalents at the beginning of the financial year		<u>5,305,734</u>	<u>2,186,761</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>5,664,915</u></u>	<u><u>5,305,734</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 2023

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the 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.

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.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

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.

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	3-10 years (10%-33%)
Motor vehicle	4 years (25%)
Computer	3-4 years (25% to 33%)

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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Other creditors

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Unearned revenue

Grant revenue is recognised in profit or loss when the incorporated association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as unearned revenue until those conditions are satisfied.

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.

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.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

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.

Note 4. Revenues and other income

	2023	2022
	\$	\$
Donations and gifts	1,552,643	4,261,745
Grants	5,384	73,171
Other income	9,142	17,110
Revenue for welfare programs	273	13,568
	<u>1,567,442</u>	<u>4,365,594</u>

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

The orphan and widow support are the most significant fundraising activities during FY2023. The donations received will be used to meet the basic human needs such as shelter, clothes, education, food and medicine.

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

Note 5. Employee expenses

	2023	2022
	\$	\$
Wages	275,197	195,053
Superannuation	27,437	20,662
Other expenses	14,835	1,971
Volunteer expenses	2,200	814
Long service leave	866	841
Annual leave	-	3,618
Social worker expenses	-	19,200
	<u>320,535</u>	<u>242,159</u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 6. Cash and cash equivalents

	2023	2022
	\$	\$
<i>Current</i>		
Cash on hand	3,064	50
Cash at bank	4,140,208	3,818,400
Short-term deposits	1,467,386	1,466,751
Cash on hand and at bank held in Afghanistan	<u>54,257</u>	<u>20,533</u>
	<u><u>5,664,915</u></u>	<u><u>5,305,734</u></u>

Note 7. Other assets

	2023	2022
	\$	\$
<i>Current</i>		
Interest receivable	36,418	2,837
Uncollected remittance to MPA	35,350	188,000
Receivable from related party - see Note 16	19,172	27,413
Prepayments	8,207	15,134
Other assets	6,920	3,718
PAYG Withholding	<u>-</u>	<u>1,869</u>
	<u><u>106,067</u></u>	<u><u>238,971</u></u>

Note 8. Right-of-use assets

	2023	2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	40,370	25,915
Less: Accumulated depreciation	<u>(29,528)</u>	<u>(14,808)</u>
	<u>10,842</u>	<u>11,107</u>
Computer equipment - right-of-use	2,340	2,340
Less: Accumulated depreciation	<u>(2,210)</u>	<u>(1,430)</u>
	<u>130</u>	<u>910</u>
	<u><u>10,972</u></u>	<u><u>12,017</u></u>

During the year, a remeasurement to the right-of-use asset is recognized to account for the lease holdover period.

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 8. Right-of-use assets (continued)

Reconciliations

Reconciliation of the movement in right-of-use assets at the beginning and end of the current financial year is set out below:

	Land and buildings \$	Computer equipment \$	Total \$
Balance at 1 July 2022	11,107	910	12,017
Remeasurement - holdover period	14,455	-	14,455
Depreciation expense	<u>(14,720)</u>	<u>(780)</u>	<u>(15,500)</u>
Balance at 30 June 2023	<u><u>10,842</u></u>	<u><u>130</u></u>	<u><u>10,972</u></u>

Note 9. Property, plant and equipment

	2023 \$	2022 \$
<i>Non-current</i>		
Plant and equipment - at cost	25,464	23,298
Less: Accumulated depreciation	<u>(17,279)</u>	<u>(16,043)</u>
	8,185	7,255
Motor vehicles - at cost	32,670	41,761
Less: Accumulated depreciation	<u>(30,405)</u>	<u>(26,218)</u>
	2,265	15,543
Computer - at cost	27,388	25,630
Less: Accumulated depreciation	<u>(24,714)</u>	<u>(22,721)</u>
	2,674	2,909
	<u><u>13,124</u></u>	<u><u>25,707</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 2022	7,254	15,544	2,909	25,707
Additions	2,165	-	1,758	3,923
Disposals	-	(6,818)	-	(6,818)
Depreciation expense	<u>(1,234)</u>	<u>(6,461)</u>	<u>(1,993)</u>	<u>(9,688)</u>
Balance at 30 June 2023	<u><u>8,185</u></u>	<u><u>2,265</u></u>	<u><u>2,674</u></u>	<u><u>13,124</u></u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 10. Other creditors

	2023	2022
	\$	\$
<i>Current</i>		
Accrued expenses	28,558	64,469
GST	24,469	11,241
PAYG withholding	1,934	-
Superannuation	4,513	4,819
Other	2,488	2,395
	<u>61,962</u>	<u>82,924</u>

Note 11. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>11,100</u>	<u>12,047</u>

Reconciliation

Reconciliation of the movements in lease liability at the beginning and end of the current financial year is set out below:

	Land and buildings	Computer equipment	Total
	\$	\$	\$
Balance as at 1 July 2022	11,072	975	12,047
Remeasurement - holdover period	14,455	-	14,455
Repayment	<u>(14,622)</u>	<u>(780)</u>	<u>(15,402)</u>
Balance as at 30 June 2023	<u>10,905</u>	<u>195</u>	<u>11,100</u>

Note 12. Employee benefits

	2023	2022
	\$	\$
<i>Current</i>		
Annual leave	13,594	16,900
Long service leave	<u>12,899</u>	<u>12,033</u>
	<u>26,493</u>	<u>28,933</u>

Note 13. Unearned revenue

	2023	2022
	\$	\$
<i>Current</i>		
Deferred revenue	<u>16,211</u>	<u>716</u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 14. Events after the reporting period

On 13 September 2023, the Association received a notice of endorsement for charity tax concessions as a result of the approval of their status as registered public benevolent institution. The tax concessions include income tax, GST, and FBT exemption.

Subsequently, on 10 January 2024, the Association received a notice of endorsement as a deductible gift recipient with effectivity date starting 19 December 2023.

Other than those disclosed, there are no 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.

Note 15. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	2023	2022
	\$	\$
Payment for other expenses:		
Consulting fees paid to key management personnel	20,000	50,000

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

	2023	2022
	\$	\$
Current payables:		
Trade payables to key management personnel	-	50,000

Key management personnel compensation

Key management personnel compensation for the financial year ended 30 June 2023 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.

	2023	2022
	\$	\$
Short-term benefits	56,604	44,746
Other long-term benefits	866	-
	<u>57,470</u>	<u>44,746</u>

Other related party transactions

	2023	2022
	\$	\$
Loan receivable from Mahboba Rawi	<u>19,172</u>	<u>27,413</u>

Mahboba's Promise Incorporated
Notes to the financial statements
For the year ended 30 June 2023

Note 16. 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:

	2023	2022
	\$	\$
<i>Audit Services</i>		
Nexia Sydney Audit Pty Ltd	<u>19,500</u>	<u>16,300</u>

Note 17. Contingencies and commitments

In the opinion of the committee of management, the association did not have any contingencies at 30 June 2023 (2022: Nil).

Note 18. Charitable fundraising disclosure

During the year, the entity received gross income from fundraising activities of \$674,781 (2022: \$2,588,299). The total costs incurred in respect of fundraising were \$15,163 (2022: \$18,289).

	2023	2022
	\$	\$
Fundraising income	674,781	2,588,299
Staff costs	<u>(15,163)</u>	<u>(18,289)</u>
	<u>659,618</u>	<u>2,570,010</u>

	2023	2023	2022	2022
	\$	%	\$	%
Total cost of fundraising	15,163	2.00%	18,289	1.00%
Gross income from fundraising	674,781	-	2,588,299	-
Net surplus from fundraising	659,618	98.00%	2,570,010	99.00%
Gross income from fundraising	674,781	-	2,588,299	-
Total expenditure	15,163	-	18,289	-
Gross income from fundraising	674,781	-	2,588,299	-

Mahboba's Promise Incorporated
ACFID financial reports
30 June 2023

ACFID Formatted Income Statement for the year ended 30 June 2023
(Statement of Profit or Loss and Other Comprehensive Income)

	2023	2022
	\$	\$
REVENUE		
Donations and Gifts		
Monetary	1,126,711	3,873,945
Non Monetary	-	-
Bequests & Legacies	-	-
Grants		
Department of Foreign Affairs and Trade	-	-
Other Australian	5,384	73,171
Other Overseas	-	-
Investment Income	37,743	4,155
Commercial Activities Income	273	13,568
Other Income	45,320	25,737
Revenue for International Political or Religious Adherence Promotion Programs	-	-
Revenue for Welfare Programs	389,753	379,173
TOTAL REVENUE	1,605,184	4,369,749
EXPENDITURE		
International Aid and Development Programs Expenditure		
International programs		
Funds to international programs	325,136	373,254
Program support costs	396,718	294,108
Community education	-	-
Fundraising costs		
Public	15,163	18,289
Government, multilateral and private	-	-
Accountability and Administration	281,813	229,372
Non-monetary Expenditure	-	-
Total International Aid and Development Programs Expenditure	1,018,830	915,023
International Political or Religious Adherence Promotion Programs Expenditure	-	-
Domestic Programs Expenditure	247,695	26,482
Commercial Activities Expenditure	-	-
Expenditure for Welfare Programs	78,539	124,288
Other Expenditure	38,617	10,629
TOTAL EXPENDITURE	1,383,681	1,076,422
EXCESS OF REVENUE OVER EXPENDITURE	221,503	3,293,327

Mahboba's Promise Incorporated
ACFID financial reports
30 June 2023

ACFID Formatted Balance Sheet
(Statement of Financial Position)

	2023	2022
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	5,664,915	5,305,734
Other assets	106,067	238,971
Total Current Assets	<u>5,770,982</u>	<u>5,544,705</u>
Non Current Assets		
Property, plant and equipment	24,096	37,724
Total Non Current Assets	<u>24,096</u>	<u>37,724</u>
TOTAL ASSETS	<u>5,795,078</u>	<u>5,582,429</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	61,962	82,924
Other financial liabilities	11,100	12,047
Provisions	26,493	28,933
Other	16,211	716
Total Current Liabilities	<u>115,766</u>	<u>124,620</u>
Non Current Liabilities		
Other financial liabilities	-	-
Total Non Current Liabilities	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>115,766</u>	<u>124,620</u>
NET ASSETS	<u>5,679,312</u>	<u>5,457,809</u>
EQUITY		
Reserves	-	-
Retained Earnings	5,679,312	5,457,809
TOTAL EQUITY	<u>5,679,312</u>	<u>5,457,809</u>

Mahboba's Promise Incorporated
ACFID financial reports
30 June 2023

(ACFID Statement of Changes in Equity)

	Retained Surplus	Reserves	Total
	\$	\$	\$
Balance at 1 July 2022	5,457,809	-	5,457,809
Items of other comprehensive income	-	-	-
Excess of revenue over expenses	221,503	-	221,503
Other amounts transferred (to) or from reserves	-	-	-
Balance at 30 June 2023	<u>5,679,312</u>	<u>-</u>	<u>5,679,312</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 24 to 26 of the Financial Statements for the year ended 30 June 2023 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: 31 January 2024
Sydney