



MICROLEND AUSTRALIA



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A background image showing the faces of several children, partially obscured by the text.

Ending world Poverty



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Ending world Poverty



AT GLANCE

Revenue, Net Profit and Number of new businesses 2017-18



The year has been full of victories and sadness, trials and tribulations. Our microfinance center in Papua New Guinea is now finally in operation. We have gained our first corporate sponsor! This year we made \$267,209. available for distribution towards establishing businesses for the poor





ABOUT MICROLEND AUSTRALIA

Our aim is to glorify God, by assisting the poor and impoverished in setting up various business enterprises, so that they can enjoy basic human rights, a reasonable living standard and become self-sustaining.



Microlend was established by Ralf and Anne Schroers in 2011 after Ralf sold his business after 31 years in the Financial Planning industry. Microlend has its business premises established in Australia in the south-western area of Sydney.

On the 19th November 2013 Microlend expanded its operations by forming a registered 'Not for Profit' Organisation called Microlend Australia Ltd. Microlend Australia Limited has the same aim as that of Microlend except that it plans to expand these charitable activities both Nationally and Internationally by forming Microfinance Branches throughout Australia and the rest of the Western World. The idea is to seek like-minded individuals that would like to form a group and then conduct similar microfinance activities in developing nations.

Microlend Australia and its branches activities include:

- Gathering of donations from the public.
- Microfinancing of these funds to the poor.
- Monitoring of the loan and business activities.

Since 2014 we've completed 150 projects. Your donation will help us fund more small businesses and transform lives.



MESSAGES FROM THE BOARD

Microlend Australia President's Report.

It is with pleasure that I can provide the annual report of Microlend Australia Ltd for the 2017-18 year. The year has been full of victories and full of sadness, trials and tribulations. The most significant of these events we hope to share with you in our quest to help eliminate world poverty.

Perhaps the best way to commence this report is by re-affirming Microlend Australia's vision that we aim to be one of the driving forces in the world towards eliminating world poverty.

Compliance and Administration

Administration continues to be an ongoing part of the operations of Microlend Australia Limited. Although all the compliance work continues to be substantial, it is now simply more a matter of ongoing maintenance rather than having to apply for and creating new licensing obligations.

Two areas that we have continued to develop are our operations manual (this is no small feat!!) and the ongoing maintenance and reviewing of the overseas microfinance centers we support. The latter, we were struggling to maintain and support in the past, but now thanks to some more office volunteers, we are starting to have a higher level of governance.

There have also been some further changes to our Board with the resignation of one board member, Dr Jade Schroers and the addition of another two new Board members, Mr. Doug Ferris and Mrs. Robyn Collins. The addition of these members has provided Microlend Australia Ltd with further diversity & impartiality. These new board members also bring with them expertise in compliance, occupational Health and safety, marketing and business administration.

So, what are our achievements for 2017-18?

Our microfinance centre in Papua New Guinea is now finally in operation! For this terrific achievement I would like to personally congratulate our Microlend Tamworth team who have spent many hours in fund raising events, have travelled repeatedly to PNG (at their own expense), provided training and mentoring and reviewed potential business applications. For details about the results achieved I encourage you to read the Microlend Tamworth's president's message further on in this report. Suffice to say, congratulations to all concerned.

Another outstanding achievement has been the development of the new Microlend Australia Website. Special mention should go to Guy Mitchell and his colleagues who created the completely new look we now have. We have also completed the resources section of the website where we can now offer all the training material including the business modelling section both in a paper and video version. These sessions can be accessed and downloaded by the public free of charge.



Our financials in a snapshot.

Please refer to our financial section further on in this report for full details, however a very summary is included here.

Revenue has increased to \$326,312 for the 2017/18 financial year. Note that we have gained our first corporate sponsor!

Our administration expenses also went up to 5.68% of total revenue. This was mainly due to some marketing costs including the purchase of promotional stationery and the development of the training modules as video versions. Fundraising expenses came in at 5.79% of revenue which we believe was money well spent for the funds we were able to raise. The fabulous thing was that, as in previous years, **all the administration and fund-raising expenses were absorbed by the founders and volunteers of Microlend Australia.** Hence, we are proud to be able to say that **100%** of all donor funds are being used in our overseas projects. This year we made **\$267,209** available for distribution towards establishing businesses for the poor.

Thank you to all our supporters for having made this possible. Because of this we have been able to create **264** new businesses among the poor bringing the total number to **1137**.

This of course is the true test as to whether our charity is working, and you will see that this represents another spectacular increase when compared to last year's efforts.

What challenges have we experienced? How are we addressing these situations?

The most devastating news that I unfortunately need to report is the death of one of our most valued microfinance managers, Tellmore Chimbwanda in Harare, Zimbabwe in early September 2017. Tellmore was involved in a car accident after having picked up her young daughter from school / kindergarten. Tragically, her daughter died almost immediately and then Tellmore also succumbed to her injuries a few days later. It is still difficult for me to speak about this loss as Tellmore was the type of kind, unselfish and giving person that our world so badly needs. We at Microlend Australia will miss her deeply.

I wish the bad news would be ending here, but unfortunately, we have also lost another special and critical person to our organization in the name of Bishop Hun Morris. Bishop Hun Morris checked himself into Mort Moresby Hospital in June 2018 being unwell and unfortunately never recovered. We have not been able to establish his cause of death but in July 2018 we were informed of his passing. Our thoughts and condolences go to his family and children. Bishop Morris was a kind and gentle man and someone in whom you could place your trust and faith. He was also the chief Trustee of the South Lai Development Fund, our microfinance center in Mendi, Papua New Guinea. We will have a great task in finding a replacement that will be able to fill his shoes.

Other challenges we are facing are issues revolving around currency in Zimbabwe with the Zimbabwean Government's issuing of Zimbabwean Bond notes. (for more details on this please see the blog section on our Microlend Australia webpage). We are also having some major concerns around non-disclosure of the financial accounts from our microfinance partners in Kenya. Prayers and wisdom will be required to see a good way forward in both situations.

Probably the most immediate challenge we are facing is the further development of a good marketing department. Ideally what we are looking for is a volunteer who can present our



cause and vision to audiences who may become potential sponsors. Is there anyone out there who would like to volunteer? We would love to hear from you. We are also still seeking to increase the number of Branches throughout Australia. Our long-term vision is to have one day 50 branches throughout Australia so that we can duplicate our efforts. Are there any potential groups that share our vision?

Finally, my wife and I would like to thank the members, volunteers and generous donors of Microlend Australia Ltd, and the Branch executives of Microlend Narellan, Microlend Futures and Microlend Tamworth. Thank you for a wonderful job done.



Ralf Schroers
President & CEO
Microlend Australia





Futures Branch President's Report

Current

The Microlend Futures branch has been regularly meeting up in organizing fundraising events, getting sponsorships and monitoring the progress of Microlend projects in Cambodia. We have 5 active members working on fund raising activities to meet the funding needs in queue. We continue to maintain our focus on families earning less than US\$2.50/day in Cambodia.

Achievements

We organised a Charity Dinner on 5 August 2017 and raised over A\$23,000. We also had another Charity Dinner on 10 March 2018 and raised over A\$31,000. Thanks to the generous support of our guests, donors, sponsors and volunteers. This year we have approved 8 more business proposals. This makes up a total of 27 businesses in Cambodia, including 19 from last year. One of the projects have already paid off our microfinance so only after one year we have started re-utilizing funds to help other projects. These projects include rice mills, cow raising, grocery shop, food shop, tailor shop, printing business, bus transportation etc.

Next Mission

We have scheduled our Wine Trip in October 2018 and next Charity dinner in March 2019. Our goal is to initially raise not less than A\$100,000 in total at which time with loan repayments regularly coming in, Microlend projects in Cambodia could be self-sufficient and our work could be expanded to cover more families in need. This is in line with the mission of our head office to gradually eradicate world poverty.

Challenges

We visited our local NGO partners and potential Microlend business owners in February 2017. To maintain a healthy business model, other than raising funds and gathering donations, we are having close communication with our local NGO partners. We might want to pay visit to them and local business owners every couple of years to have a more comprehensive understanding of their situation and what needs to be improved. We also need more volunteers so that more families and children in need can be benefited in a timely manner.

Ambitions

We aim to raise more awareness of the needs of these disadvantaged families and children. By re-utilizing loan repayments, we would have the capacity to start some more sites in Cambodia and other developing countries in the next 3 – 5 years. The world will be a better place for everyone to live in.



Elsa Hwang
President, Microlend Futures branch

Fundraising Charity Dinners 2018

2018



CHARITYdinner
ENDING WORLD POVERTY

WHAT TO EXPECT
2 Course Dinner • Silent Auction • Raffle Items • Lucky Door Prizes • Live Music • Dancing

Come and enjoy an awe-inspiring night with friends and family. Your presence and support will help us with assisting the poor and impoverished in setting up various business enterprises, so that they can enjoy basic human rights, a reasonable living standard and become self-sustaining.

PAYMENT INFORMATION
EFT Payment to MICROLEND AUSTRALIA
BSB: 633-000
Acc: 153 208 970
OR Cheque to MICROLEND AUSTRALIA LTD.
OR via Credit Card on our website under the "DONATE" tab

EVENT DETAILS
DATE: Friday, 2nd November, 2018
TIME: 6:30PM - 11:00PM
LOCATION: Campbelltown Catholic Club "Fitzroy Room"
20/22 Camden Road, Campbelltown
DRESS CODE: Cocktail
COST: \$95 per person or \$950 for table of 10
R.S.V.P: Friday, 19th October, 2018



CONTACT INFORMATION | RALF SCHROEDERS | TEL: 0472 463 219 | www.microlendaustralia.com.au | microlendaustralia@gmail.com



CHARITYdinner

Microlend Australia, Narellan Branch, is pleased to invite you to our annual Charity Dinner Dance.

Come and enjoy a special night and make a life changing impact. The evening will showcase our work in Mongolia through our "Windows of Hope" project.

TIME 6:30 - 11:00pm
DATE 02/11/2018
LOCATION Campbelltown Catholic Club
COST \$95 / pp





Microlend Narellan Report

Financially, on the surface it looks like it has been a difficult year with our ministry focus - Windows of Hope Mongolia. There has been defaulters and businesses struggling to make payments. This is not what the charity is about. Our focus is and must remain on those who are being encouraged to work themselves out of the poverty cycle that they find themselves in.

It was decided in 2017 to refresh the local management of Windows of Hope which has brought about a new zeal and opportunity for those who we ultimately helping. There is now a more stringent process of review which can only

help those who are developing their own businesses. During the financial year there was a total of 14 new loans (86,000,009₮ or AUD48,000) issued and 5 businesses that paid their loans off. The new loans were 100% financed by original loans being paid off. There have been no new moneys issued from Australia during this last fiscal year.

There are currently 32 active loans (227,000,009₮ or AUD126,000). A self-funding charity that empowers people to create a new future for themselves and their families – Praise the Lord.

The Mongolian trust account at year end still had 20,410,883₮ (or AUD11,300) in it. This all goes well for reviewing and issuing new loans in the coming months.

The Australian Microlend Narellan Account is well placed for future opportunities with a balance of AUD30,000 and the annual fundraising dinner coming up in November.

In summary up, struggles have been offset with powerful opportunities in this last fiscal year

The Narellan Microlend Team





Tamworth President's Report

Summary of major achievements

In summary 22 new businesses were established during the year in the Southern Highlands, PNG and ~\$55,000 was transferred to establish these businesses. The good news is that every business has made every repayment on time. All businesses are likely to be viable for the long term.

Another 40 businesses are waiting for approval and funding.

Three teams travelled to PNG during the year to undertake short term missionary trips.

Achievements

The 2017 – 2018 has been a difficult year in PNG with elections, riots and earthquakes. The PNG elections were held between 24 June and 8 July 2017 with much regional disharmony.

Further problems began in February when 3 months of earthquakes (numbering 270 and up to a magnitude of 7.6) caused widespread destruction to buildings, infrastructure, roads and farmland.

Despite the problems in PNG, three Microlend members (P Sullivan, C Pearce and H Pearce) travelled to PNG in December to review the Microlend program. The previous Microlend Manager James Epi was relieved of his position for several reasons. A new Microlend Manager Elijah Yandowe was appointed. Elijah resides in and will operate out of Mendi which has electricity and much better telecommunications. Elijah has proved to be an excellent Microlend Manager.

R Schroers travelled to PNG in February to train Elijah Yandowe. S Lanyon and C Mitchell accompanied R Schroers and

spent their time fixing the plumbing of some of the United Church homes.

Four Microlend members and supporters travelled to PNG in April to assess the earthquake damage. They intend to return in September to begin fixing the damaged homes and lift them back onto piers.

Meetings and fund-raising activities

A fundraising film night "Murder on the Orient Express" was held on the 9th November.

A fundraising meeting was held on Sunday 12th November at 2pm, at the home of J & H Barnes'. Many good ideas were raised however most of the time was spent organising the January bush dance fundraiser.

The bush dance fundraiser was held during Country Music week on Thursday 25th January at Carinya Christian School. Much work was put into this fundraiser but unfortunately it was not well attended.

The Annual General Meeting for Microlend, Tamworth Chapter was held on Sunday 25th February 2018. All positions were filled.

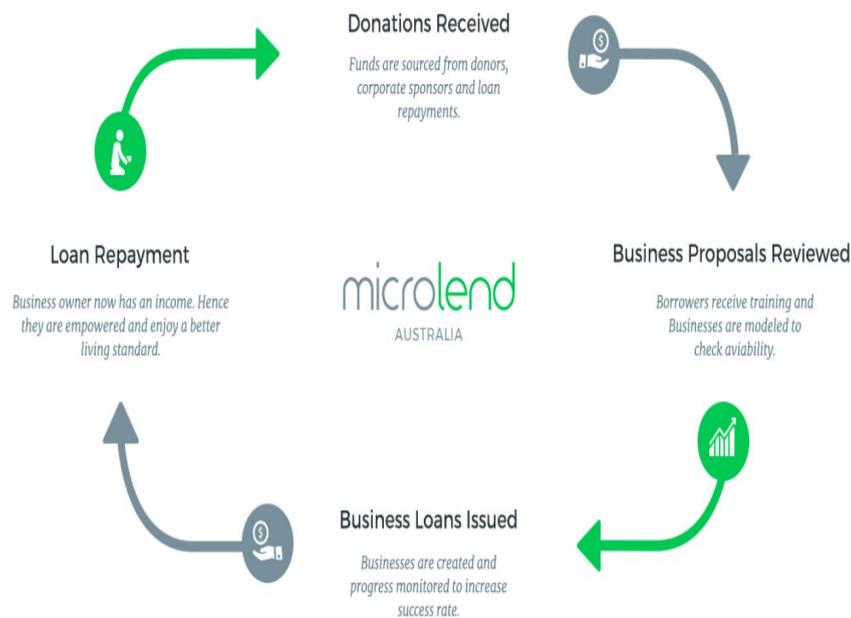
Another fundraiser planning meeting was held on 1 June 2018 at S & H Lanyon's home.



Paul Sullivan,
President, Tamworth branch

OUR ORGANISATION

Microlend Australia Ltd has a process towards combating world poverty that we believe makes us unique. We invite you to participate in this process, provide feedback or promote us to your friends if you like what we do. Since our funding to the poor is in the form of a loan, one unique feature is that **100% of your donation is sent to an overseas project and is reused to help more and more people each time the loan is repaid.** See below:



- **100% of your donations** go towards funding the loans for the poor. All administration and fund-raising costs are absorbed by the volunteers and founders of Microlend Australia.
- Currently Microlend Australia is **totally run by volunteers**. That is, there are no salaries paid which therefore means that administration costs are kept to a minimum. When visiting the overseas sites, the volunteers even pay for their own travel and accommodation. Please refer to our annual reports
- regarding the actual cost breakdown. Would you like to be one of those volunteers?
- Every business created is designed to be **self-sustaining**. Even the overseas Microfinance centres themselves, although not for profit, are designed to become financially independent. This gives Microlend Australia the ability to walk away and create more and more sites around the world
- We **charge no interest on the loans issued**. There is however a one-off management fee (this can



be up to 12% of the loan) which gets used to pay the overheads of the overseas microfinance centre. There is ***no return of the loan or the management fees to Microlend Australia***. The overseas microfinance centre is a separate 'not for profit' Non-Government Organisation and is not owned by Microlend Australia.

- Microlend Australia Ltd has created several branches within Australia. This means **we can easily duplicate our efforts** to raise funds for our overseas microfinance centres. These branches could even be created in overseas countries. Would you like to join one of these branches? Or better still, create a new branch of your own?
- Microlend Australia can see every loan that has ever been issued as

well as at what stage the loan repayments are. We do this by issuing each overseas site with an internet-based accounting system. This ensures a **good degree of control** over how the funds (your donations) are being used.

- Microlend Australia provides simple, yet **effective training and ongoing mentoring/support** for each new borrower. This training even works with people who are illiterate or people without computer skills. The training program also teaches you how to create and model a business and provides you with an overview on how a business should be run. These training modules can be found under our resources section of this website and can be downloaded by you for free.





FINANCIAL STATEMENTS

Statement of Financial Position

	2018	2017
Assets		
Non-current Assets		
Community 21 Limited	10,000	10,000
Office Equipment At Cost	1,214	1,214
Total Non-current Assets	11,214	11,214
Current Assets		
Microlend Aust Bendigo Bank	49,452	5,231
Microlend Narellan Macquarie	16,556	1,235
Microlend Pymble Bendigo Bank	13,978	1,228
Microlend Tamworth	9,813	57,595
Total Current Assets	89,800	65,288
Total Assets	101,013	76,502
Equity		
Current Year Earnings	24,512	(7,404)
Member Contribution	5	5
Retained Earnings	76,497	83,900
Total Equity	101,013	76,502



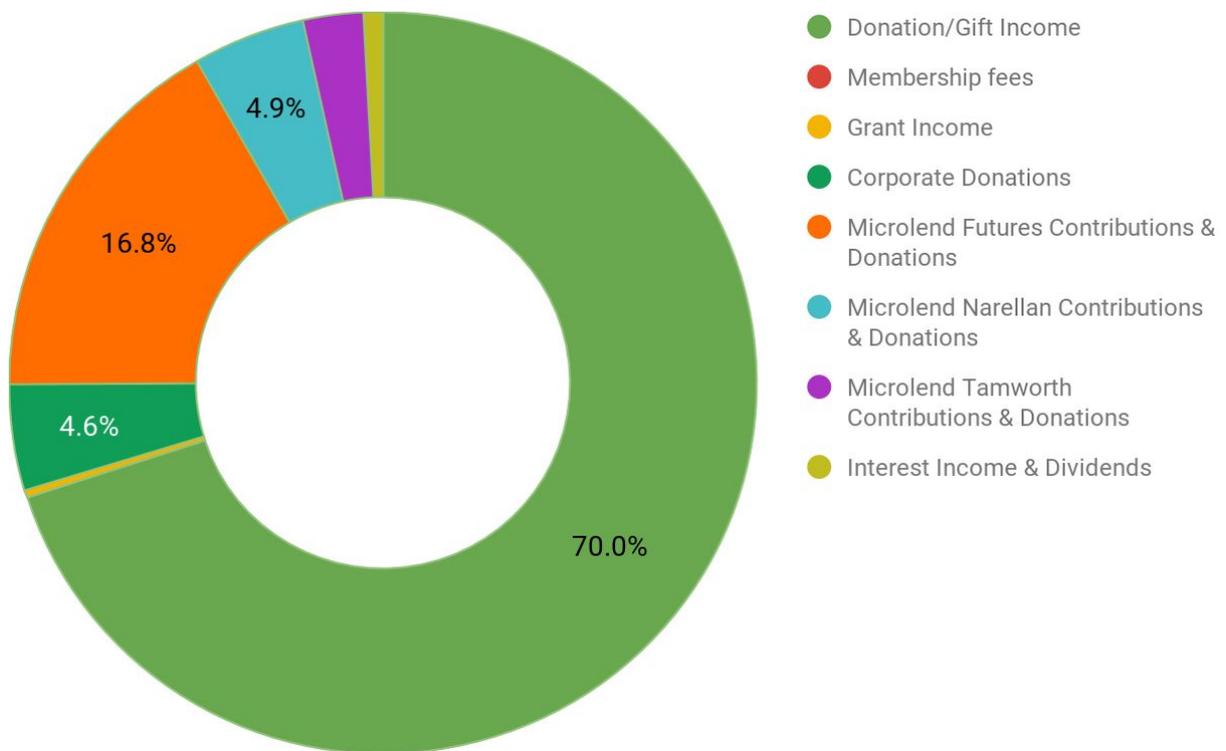
Statement of Comprehensive Income (Profits and Losses)

	2018	2017
Income		
Corporate Donations	15,000	-
Donation/Gift Income	251,949	270,384
Grant Income	1,000	500
Income From Fundraising Events	30	-
Membership fees	7	6
Microlend Futures Contributions	37,297	4,567
Microlend Narellan Contributions	13,905	14,376
Microlend Tamworth Contributions	4,461	9,643
Gross Profit	323,649	299,476
Other Income		
Dividends received	1,610	-
Interest Income	1,053	941
Total Other Income	2,663	941
Operating Expenses		
Accounting/Bookkeeping Fees	1,950	1,950
Advertising & Marketing	11,997	414
Bank Fees	1,221	507
Directors liability Insurance	1,688	-
Fundraising expenses - Futures Branch	9,859	2,460
Fundraising expenses - general	541	-
Fundraising expenses - Narellan Branch	5,545	5,924
Fundraising Expenses - Tamworth Branch	1,516	-
Internet	-	230
Microfinance Donations - other	2,277	1,488
Microfinance Funding - Cambodia - PPC	40,529	35,871
Microfinance Funding - Kenya - Commutrem	19,643	20,874
Microfinance Funding - Mongolia - Windows of Hope	-	22,000
Microfinance Funding - Pakistan - 1 to Another	-	20,845

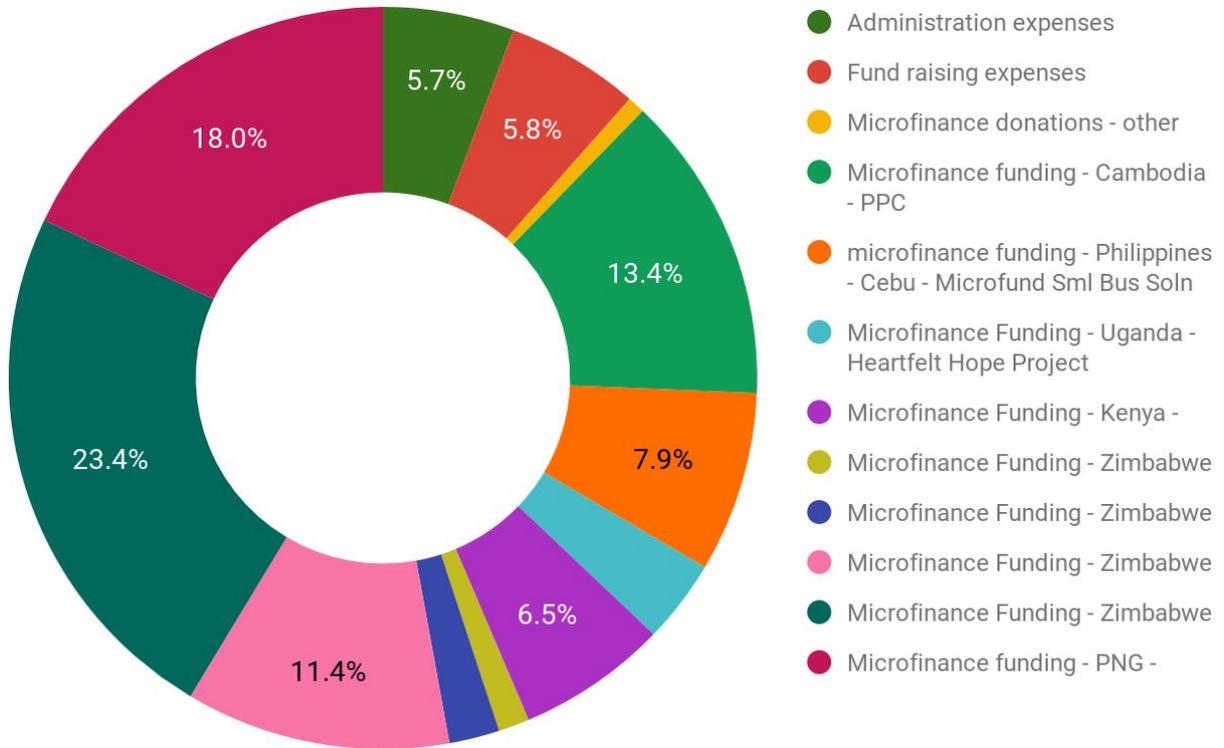


Microfinance Funding - Philippines - Cebu	23,743	-
Microfinance Funding - PNG - United Church Sth Lai Dev Fund	54,359	-
Microfinance Funding - Uganda - Heart Felt Hope	10,918	9,892
Microfinance Funding - Zimbabwe - Bulawayo - Mind the Gap	4,027	30,640
Microfinance funding - Zimbabwe - Gokwe	6,578	-
Microfinance Funding - Zimbabwe - Harare - Living Word Ministries	34,547	12,156
Microfinance Funding - Zimbabwe - Mutare - Windows of Hope	70,585	140,344
Overseas set up and training costs	-	2,226
Stationery	127	-
Subscriptions & Memberships	150	-
Total Operating Expenses	301,801	307,821
Net Profit (loss) for the year	24,512	-7,404

Income breakup



Expenses breakup



TOTAL NEW BUSINESSES DURING THE YEAR

Microfinance centre	Note	No of previously established Businesses	No of new businesses	Total to date
Kenya - Commutrem		76	20	96
Cambodia - PPC		19	32	51
Mongolia - Windows of Hope		28	6	34
Pakistan - 1 to another		7	1	8
Papua New Guinea		0	22	22
Philippines - Cebu	1	59	11	70
Uganda - Faith Harvest		60	24	84
Zimbabwe - Harare		1	10	11
Zimbabwe - Bulawayo		47	7	54
Zimbabwe - Gokwe	2	50	55	105
Zimbabwe - Mutare - Windows of hope	3	526	76	602
Total		873	264	1137

Note.1 Micro Fund Small Business Solutions Inc in Cebu Philippines is an existing Microfinance centre that was established by Ralf & Anne Schroers on a personal basis in 2013. Since then 50 new businesses were created prior to Microlend Australia Ltd partnering with Microfund Small Business solutions Inc in Sept 2017.

Note.2 Alfa Projects in Gokwe Zimbabwe is an existing Microfinance centre that was established by Ralf & Anne Schroers on a personal basis in 2012. Since then 59 new

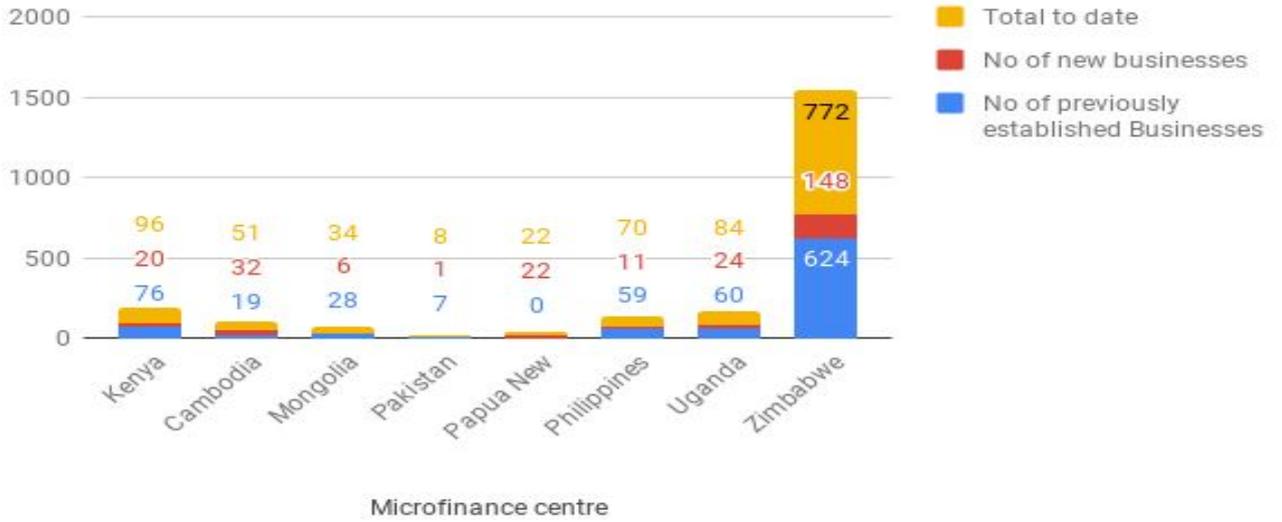
businesses were created prior to Microlend Australia Ltd partnering with Alfa Projects in Sept 2017.

Note.3 Windows of Hope in Mutare is an existing Microfinance centre that was established by Ralf & Anne Schroers on a personal basis in 2012. Since then 446 new businesses were created prior to Microlend Australia Ltd partnering with Windows of Hope in May 2016.

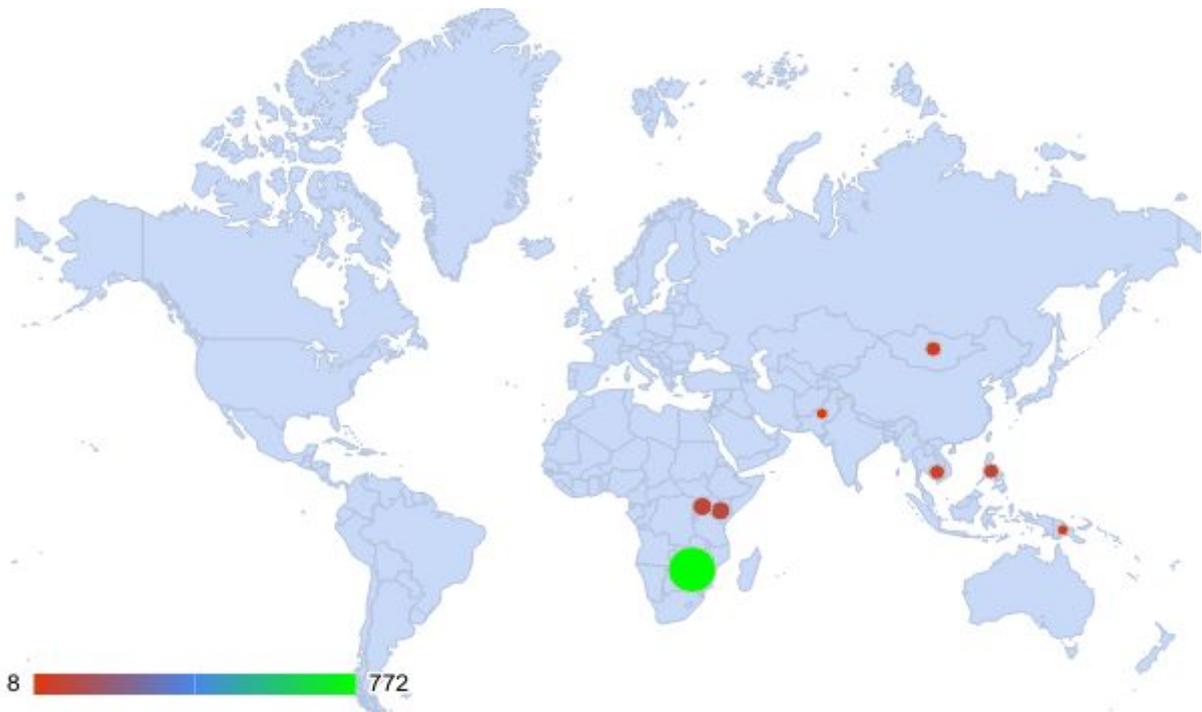




Number of new businesses & Total per centre



TOTAL BUSINESSES PER COUNTRY (MAP VIEW)



Ending world Poverty



INDEPENDENT AUDITORS REPORT

Auditor's report

Microlend Australia Limited For the year ended 30 June 2018

Independent Auditors Report

We have reviewed the accompanying financial report, being a special purpose financial report of Microlend Australia Limited, which comprises the committee's report, the assets and liabilities statement as at 30 June 2018, the income and expenditure statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible entities' declaration.

Responsible Entities' Responsibility for the Financial Report

The responsible entities of Microlend Australia Limited is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and is appropriate to meet the needs of the members. The responsible entities' responsibility also includes such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards on Review Engagements ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report does not satisfy the requirements of Division 60 of the ACNC Act including : giving a true and fair view of the registered entity's financial position as at 30 June 2018 and its performance for the year 2018 ended on that date; and complying with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation). ASRE 2415 require that we comply with relevant ethical requirements relevant to the review of the financial report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial report.

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

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial report of Microlend Australia Limited does not satisfy the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

(a) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance and cash flows for the year 2018 ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Microlend Australia Limited to meet the requirements under the ACNC Act. As a result, the financial report may not be suitable for another purpose.

Auditor's signature:



Name of Firm: Aptus Accounting & Advisory

Auditor's address: Suite 2.09, 2-8 Brookhollow Ave, Baulkham Hills NSW 2153

Dated: 2/10/18