

MICROLEND AUSTRALIA LTD

2022 ANNUAL REPORT



MICROLEND AUSTRALIA LTD.

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***Cover:** Microlend Australia funded the establishment of a shopfront in Chiredze, Zimbabwe. This is a commercial venture for the local organisation partner that will assist them to be self-sustaining by raising their own funds for ongoing microloans to their local community*

ABOUT MICROLEND AUSTRALIA

Our aim is to glorify God by empowering people to break free from the cycle of poverty. We do this by assisting the poor and impoverished to set up various business enterprises so that they can enjoy basic human rights, a reasonable living standard, and become self-sustaining. In 2011 Ralf and Anne Schroers established a partnership with the primary aim of helping eradicate world poverty after having sold their business after 31 years in the financial planning industry.

In November 2013, Ralf & Anne expanded their operations by forming a registered not-for-profit organisation called Microlend Australia Ltd. Microlend Australia continues the aim of eradicating world poverty, however 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 who wish to form a microfinance branch to conduct similar microfinance activities in developing nations.

Microlend Australia and its branches' activities include:

- 1) Fundraising and obtaining donations by:
 - a. Hosting charity events (e.g., gala dinners)
 - b. Marketing and promotion of the charity supported by fundraising-focused services technologies (see below)
 - c. Private donations and corporate partner sponsorship
 - d. Commercial investments and business enterprises to generate income
- 2) Providing these funds to the needy on a microfinance basis
- 3) Monitoring of the loan and business activities

Fundraising Technology: EzyCharge and Shopnate

We are always on the lookout for simple and easy ways for our supporters to contribute to the ongoing resources of Microlend by simply going about their 'usual business'. We currently have arrangements in place with two excellent organisations that forward a percentage of their takings directly to Microlend from transactions undertaken with them.

EzyCharge is a mobile phone recharging service providing batteries at various venues around Australia. Keep an eye open at your favourite restaurant, club or entertainment facility. Find out more about them at **Shared Powerbanks** (visit www.ezycharge.com.au/shared-powerbanks/)

Shopnate is an online shopping portal with access to ALL the big retailers and service providers. You can sign up for absolutely no charge at **Shopnate for Microlend**. (visit www.shopnate.com.au/cause/microlend-australia-ltd)

MESSAGE FROM THE BOARD

Microlend Australia C.E.O. Report

The 2021-22 year has been another successful year with some pleasant surprises and some challenges! The year has seen us grow our numbers of getting people out of poverty, some beautiful results at some of our overseas centres, together with some challenges in other sites. Further details of these developments can be found in the ensuing pages of this Annual Report. As such I can provide you with a report full of continued optimism and promise for the coming years. I can also re-affirm that Microlend Australia is continuing to develop and remains focused on being one of the driving forces towards ending poverty through empowerment.

As in the past, this report will provide information about our organisation as measured against our six key performance indicators. We will also continue to provide you with a clear understanding of Microlend Australia's vision and ongoing strategy towards the alleviation of world poverty.

1) Financial Sustainability

Microlend Australia's main strategy continues to ensure its ongoing financial viability, not just for this financial year but also into the future. To achieve this, Microlend Australia has implemented a business model that not only provides funding towards empowering the poor, but also provides a sustainable source of revenue for itself.

As in previous years, this sustainable model is made up of:

- Further social enterprise activities among the poor that will provide them with a source of ongoing revenue and empowerment
- The development of an ongoing platform for fundraising and awareness to the public
- The creation of investments that provide ongoing income streams owned by Microlend Australia
- The implementation of good management and loan monitoring protocols regarding the finances issued to overseas microfinance locations

Our results for the 2021-22 financial year are as follows:

- In 2021 one of our targets was to raise at least \$100,000 during the 2021-22 financial year from the public via charity dinners and other fundraising activities. Again, numbers of attendees to our gala dinners were restricted because of ongoing Covid-19 restrictions and some poor weather, however, from a fundraising perspective we again had an amazing result. We managed to raise the sum of \$213,313 from our two gala dinners and associated donors, with one amazing donor giving us \$150,000! I would like to take this opportunity to personally thank all our faithful supporters

(especially our one amazing donor) who made this possible. The entire Microlend Australia team continues to be surprised and thankful for this incredible generosity from our supporters.

- On the corporate sponsorship side, we finally have some good news! Yes, believe it or not, we have secured our first two corporate sponsors! Sponsorship for the 2021-22 financial year amounted to \$19,000. Whilst this amount may look relatively modest, we are extremely encouraged as these sponsors have indicated that they want to sponsor us on an ongoing basis. Microlend Australia believes that corporate sponsorship is going to be vital to the growth and development of Microlend Australia. As such, we are extremely grateful for having secured these two corporate sponsors.
- Microlend Australia has also received direct funding via internet platforms such as 'Shopnate' and the PayPal Giving Fund. For the 2021-22 financial year we received a total of \$1,138.99. Microlend Australia wishes to thank those people who continue to shop via these platforms. It is simple for people to sponsor Microlend Australia via these platforms at very little or no cost to you.
- Microlend Australia has also developed a marketing strategy through our new Corporate Sponsorships & Marketing Manager, Leisa Emblen. We are continuing to develop this marketing platform and I am sure you will hear a lot more from Leisa in the 2022-23 financial year!
- For the 2021-22 financial year, Microlend Australia also received \$201,843 from the principals and volunteers of Microlend Australia as donations which was close to our target of \$200,000. We wish to express our thanks to all the volunteers who gave so generously.
- Microlend Australia received a total amount of \$490,584.13 in the form of public and volunteer donations. \$268,400.25 was sent overseas to establish microfinance businesses. As in previous years, it is important to note that **100%** of the funds received from **public** donations are being used towards overseas microfinance businesses. Of the remaining balance of \$222,183.88 consists of \$21420.48 public donations and \$200,763.40 from the Volunteers. The remaining public funds are being held in reserve for future Microfinance projects whilst the volunteer contributions are being used for both microfinance projects and to further increase Microlend's capital Investments.
- Microlend Australia other main strategy is to grow its investment assets with the view that in the future the organisation can achieve its own independent source of income. Apart from using the donations for funding microfinance projects and meeting operating expenses, we also repaid some of Microlend Australia's debt. Consequently, our capital now stands at \$2,636,778 (an 11.8% increase) with an associated debt of \$1,233,540. For full details of Microlend Australia Ltd.'s financial position, please refer to the Profit and Loss statement and Balance Sheet (Pages 26 to 28).
- We also conducted an 'end of financial year' campaign which raised the sum of \$1,350. Again, thank you to all our donors.

- Most importantly of course is our impact among the poor and poverty alleviation. Our primary measure towards this is the measuring of the number of new businesses established throughout the year. In 2021-22 we were also able to create **236** new businesses among impoverished communities bringing the total number of microfinance businesses to **1780**. Successes, in particular, were in our Kenyan, Ugandan, Tanzanian and Harare-Zimbabwe projects. Congratulations to all our overseas co-ordinators and trustees who made this possible. A special mention should also go to our volunteer account managers who continue to monitor our overseas accounts. These volunteer account managers encourage our overseas co-ordinators and also enhance overseas compliance.
- Lastly, it is with pleasure that I can announce the opening of a new Microlend subsidiary which is located in the Sydney CBD and is called the Microlend Sydney CBD branch. The Microlend Sydney CBD team hopes to open a microfinance centre in Malaysia to help assist the poor in that country. I wish them success in their endeavours.

2) Governance

As in previous years, Microlend Australia continues to meet Australian and international compliance requirements. This means that we:

- Maintain operational standards required by the Australian Charities and Not-For-Profit Commission (ACNC) and the Institute of Community Directors of Australia (ICDA)
- Maintain a professionally competent Board of Directors
- Continue understanding and responding to evolving government frameworks within host countries

We maintain our local governance requirements through:

- Ongoing maintenance of our operations manual and its policies and procedures
- Retention of professional accreditation with the ICDA
- Implementation and continued development of our strategic plan with the board. To assist in this we have adopted an online software management tool (JIRA). This tool enables us to track team activity and assist with board reporting.
- Ensuring recognition of the accreditation protocols of our overseas partners. For this we are encouraging overseas coordinators to use the notes section under 'contacts' in Xero. This so far has met with limited success; we hope to however improve this process via email reminders and distributing an updated instruction template

3) Project Focus

Microlend Australia continuously monitors its projects to ensure their viability and make sure they meet identified needs of the communities in which they operate. We confirm this by:

- Ensuring business proposals are thoroughly reviewed and assessed. To this end, in the first year of operation we ask each overseas microfinance organisation to provide Microlend Australia Head Office **every** business proposal for our perusal.

- Providing ongoing training, mentoring and support to our project partners. We have a compact but comprehensive suite of training material that enables potential business owners and entrepreneurs to create and run their small businesses. Indeed, we propose to extend this training program by offering an additional training module later this year. The materials are simple to understand, can be implemented with ease, and ensure that even those with low literacy levels are able to run their small enterprise. Our material is freely available to any member of the public via the Microlend Australia website (visit <https://www.microlendaustralia.com.au/training-materials/>) and is available in several languages (contact us directly if you need these).
- Implementing risk management strategies in each operational area, inclusive of a feedback system for each individual business. There is still considerable work to be done in this area as many of our overseas co-ordinators are struggling to adopt the new process. This new system should give us access to information on how each individual business is performing, loan default rates, and the potential growth of each of these businesses.
- Ultimately, we endeavour to personally visit our partner sites on a two- or three-year basis. Unfortunately, this part of our project had to be suspended over the last two financial years due to the Covid-19 pandemic. We are however expecting to resume our travels towards the end of 2022 and early 2023. At this stage it is proposed to visit both India and Cambodia towards the end of 2022 and Africa (Zimbabwe, Kenya, Uganda, Tanzania and Ghana), as well as the Philippines in the first half of 2023.
- It is also our intention to finally establish a new site in Ghana supported by the Microlend Australia Narellan branch. This proposal was put forward in 2020 but had to be postponed due to the onset of the pandemic. The fabulous thing is that because of the delay, we have already managed to raise nearly all of the funds required to establish this site (see funds available on the Balance sheet under the Microlend Narellan Branch)

4) Information and Knowledge Sharing

Microlend Australia continues to offer its expertise to its operational partners and small business owners to achieve empowerment through self-sufficiency. We are proud to announce that several charities within Australia have adopted or included all or part of our programs.

Importantly, this does not mean that we will be cutting ties with the overseas organisations as they mature. Instead, we hope to walk alongside them as they continue to grow their programs in assisting people out of poverty.

As mentioned, we make all of our training material and knowledge freely available to local (Australian) individuals, organisations and charities as well as those residing overseas. Interestingly, we have found that many individuals here in Australia use our business modelling program to check the viability of their own businesses and personal finances.

2021-22 saw a major expansion of our service offering in this area through the addition of a Community Development Program on our website. Material of this community development program was kindly provided to us through another local charity, called CDP (Community Development Program). This program offers several work modules to help communities in developing their own poverty alleviation programs and can be used as a precursor to Microlend Australia offering a Microfinance program to help increase self-empowerment. Note: these training modules are also provided to communities and individuals free of charge.

In addition, Ralf Schroers often provides a free consultancy service to those that may want advice in this area. By doing so, we hope to:

- Provide a comprehensive training and support system to our partners
- Develop strategic ties with federal, state and international peer organisations
- Market and promote microfinance as a way of eliminating poverty

Microlend Australia continues to develop our website and social media channels, although a marketing manager vacancy still exists. We are enriching the Microlend Australia website with updates on past and current projects and sharing inspirational success stories. Please continue to visit our website and Facebook for the latest updates. We also hope to continue enhancing our network channels through branch meetings, media outlets such as community radios and our online presence.

Microlend Australia also continues to maintain and watch industry sector movements, such as the World Bank and the United Nations' sustainable development goals. We have also developed a corporate presentation program. Hence if anyone has a potential corporate entity that might like to partner with us, all you need to do is provide us with a name and contact details. We look forward to hearing from you.

5) People and Capabilities

Microlend Australia has continued to grow its volunteer base, branches, and partners. In order to do so, we have:

- Created a branch in the Sydney CBD. This now takes the number of Microlend Australia branches to five nationwide. The Microlend Sydney CBD branch hopes to establish a microfinance centre in Malaysia. The initial project is to try and establish a day care centre for displaced and aged people. Microlend Australia extends a warm welcome to our new volunteers at the Microlend Sydney CBD branch
- In 2020-21 we indicated that we would like to review and refresh our social media presence with more of a 'corporate' feel to reflect the size and scale of our organisation more accurately. To this effect, Microlend Australia has now gained an administration volunteer as well as a new social media coordinator. We hope to be able to show you the result of our effort in the 2022-23 year as we plan to create a full marketing program as well as streamlining of our Facebook, Instagram,

YouTube, and LinkedIn pages. One of the options is to look at the development of a completely separate marketing arm including its own logo, website and social media presence.

- Whilst we have managed to fill two key roles in 2022 in the form of a new administration manager and a new social media manager we are still however looking for more volunteers. The two positions that are still needed are: another overseas account manager to review our overseas microfinance partners; and another marketing manager to help further develop our online presence (including social media and Google search), live presentations, grant applications and other marketing strategies. Anyone interested in eradicating world poverty by volunteering is welcome to apply. There is also a need for more volunteers among our branches with both the Microlend Narellan and Microlend Five Dock team requiring a branch president.
- We are also looking at developing a local indigenous branch to help those disadvantaged within our Aboriginal community. Again, we hope to offer a permanent solution through self-empowerment programs.
- Microlend Australia also continues to develop investments directly owned by Microlend Australia. These investments include several property development projects which will provide Microlend Australia with new premises for our head office, and two business enterprises (a coffee shop and a one-third ownership stake in a day-care centre) to generate independent income for the organisation. Unfortunately, progress continues to be slow due to the incredible level of compliance requirements. As such this will take at least a further two years before these projects will come to fruition. Our goal with these investments is to generate enough income to support the salaries of one or two permanent staff members.

6) Quality, Measurement, and Improvement

As in previous years, the a forementioned targets and outcomes must align with international sustainable development goals. To accomplish this, we have continued as our core strategy:

- A human rights-based approach to sustainable development with an emphasis on the need to respect, protect and promote human rights in line with international human rights law
- Alignment with U.N. sustainable development goals (SDGs)
- Maintained focus on background terminologies/data/statistics around the current 'state of play' regarding world poverty
- A performance and review system of our organisation using our new online management program (JIRA)

We also continue to implement our system that:

- Incorporates SDG and human rights practices into our organisation via our operations manual, partnership agreements and all training modules
- Allows us to monitor every loan executed by our overseas partners. Due to our implementation of a cloud-based accounting system, we now have reliable quantitative information and looking forward to expanding this system with more qualitative input.



Above: Business partners receiving training and support in Gokwe

The above report gives you a broad overview of our goals and strategies and the steps we have taken to implement these targets. Microlend Australia continues to grow both its goals and strategies towards helping our mission of alleviating world poverty through empowerment.

I wish to take this opportunity to thank all of our private donors and corporate supporters for having participated in our cause.

Finally, my wife, Annie and I would like to thank all our members and volunteers. Without their contribution and support this would not be possible. Thank you for a wonderful job done!

Ralf Schroers

President & CEO - Microlend Australia



BRANCH REPORTS

Microlend Australia – Five Dock Branch

The Five Dock Committee consists of 4 people: Kathy Guiffre, Mary De Brincat, Wendy Volkmar and Gail Wright. This group now has been reduced to 4 Volunteers since March 2022. Ralf and Annie Schroers regularly attend as guests from Head Office.

In December 2021, Nicole Merrillees, our President, resigned and moved to Melbourne. This Committee has held over 15 Zoom Meetings (due to COVID-19). A combination of Narellan and Five Dock members attend. On average, 8 Members attend each Meeting.

At these Meetings, we discuss a range of Items, for our Fundraiser in November 2021, March 2022 and August 2022 are for Cambodia and Mongolia.

Monies that we raised will help people in these countries to purchase business via microfinance loans. For example, we supported the construction of a 'shophouse', in Phnom Penh, Cambodia – essentially a terrace house with a shop beneath on the ground floor. This means that our partners there no longer pay rent, additionally it is also proposed that the ground floor also doubles up as a business generating income in the form of a coffee shop. The top floor is also rented out as an apartment.

Microlend Australia Five Dock held their Charity Dinner in November at Macquarie Links International Golf Club. In March 2022, our dinner was held at the Canada Bay Club, Five Dock with about 50 people in attendance.

Our final charity dinner of the year was due to be held in Campbelltown Catholic Club but this function has been moved to Macquarie Links International Golf Club due to room hire hiring being too high. The dinner had a theme to it, 'Winter Sparkle', with guests wearing something that added sparkle to their outfit, to match the room and tables that were adorned with tinsel, glitter etc.

A range of prizes collected by the team were sold in the silent auction and as raffle prizes including; accommodation vouchers for Kim's Retreat, Cook's Garden, golf for 4 people at Avondale Golf Course, 7 days at South West Rocks, a portable BBQ Cooker, Barzura Restaurant voucher with 4 movie tickets, a ride in a Ferrari for an hour and a half, a Breville Smart Oven Air Fryer, a coffee machine, plants and flowers, bottles of wine, books, and children's toys placed on \$10, \$20, \$30 and \$50 sale tables.

Alternatively, you can donate directly to Microlend Australia and use it as a tax deduction. At our gala dinners, Ralf and Annie generously matched donations on a dollar-for-dollar basis.

Unfortunately, Covid-19 caused a lot of people to cancel, but we still went ahead with a low number of people, who were generous nonetheless. Our March Charity Dinner raised about \$17,500, with Ralf and Annie matching dollar-for-dollar. These funds will go to our next project which we intend to commence in Ghana.

Gail Wright

Secretary, Microlend Australia – Five Dock Branch

Below: some businesses we funded in Mongolia & Cambodia



Microlend Australia – Tamworth Branch

The following report outlines the activities and events for the Tamworth Branch of Microlend Australia during the 2021-2022 financial year. It should be noted that, similar to last year, this has been another tough year economically in Papua and New Guinea, in Australia, and around the world due to the continuation of the Covid-19 pandemic.

NSW suffered ongoing lockdowns and restrictions throughout the year making it very difficult to arrange any fundraising activities in advance as the Omicron variant ran amok in the population.

In PNG, most businesses have survived although many are not operating and will not begin trading until the economy improves. A further difficulty was introduced to the smooth running of the businesses as PNG had their national elections over the past 2 months with multiple disruptions during the lead up to the actual vote being held.

The highlight for our PNG Microlend has been the election of one of our trustees, Raphael Tonpi, to the federal parliament as the member for Mendi in the Southern Highlands (congratulations Raphael!). At this stage we are not sure what this will mean so far as his continuing involvement as a trustee, but we are very keen that he maintains his involvement as he is also the chief in the village of Kip where most of our businesses are centred.

At this stage we have been unable to travel to PNG and hence we have not been able to find or train a new Microlend manager to undertake the successful continuation and expansion of the South Lai United Church Development Fund.

Yearly Activities

As reported last year, the supply of firewood has been discontinued as the workload wasn't justified by the return. No other fundraising activities have been arranged over the past 12 months.

Committee elections:

- President: Paul Sullivan
- Vice President: Neil Smith
- Secretary: Lesley Hood
- Assistant Secretary: Helen Pearce
- Treasurer: Colin Pearce
- Assistant Treasurer: Lois Sullivan
- Overseas Reps: Paul and Lois Sullivan, Colin and Helen Pearce

Financial Activities

The Tamworth branch has a bank balance as at the 30 June of \$27,286. This will be sent to the PNG trustees when the South Lai United church development fund begins operating efficiently again

Future Activities

No further monies have been lent to start further businesses in the 2021/22 year. Therefore the previous total of 35 business loans remains the same as last year. There are still 49 businesses that have been successful in being approved to start but these may need to be reassessed due to

the time delay since they were assessed. As with last year no further loans will be activated until we are able to assess an improvement in the PNG economy and we are able to visit and appoint and train a new Local Manager.

Colin Pearce

Treasurer, Microlend Australia – Tamworth Branch

Below: some businesses we funded in Papua New Guinea



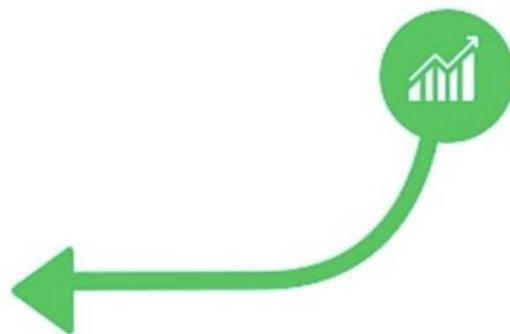
OUR CAPITAL PROJECTS

A key feature of the Microlend model, is the establishment of a 'capital project' for each of our long-term microfinance partner centres. The purpose of these projects is to create a source of local income, which allows the centre to become financially independent, and empowers the centre to continue providing revenue to maintain their own loan program.

The process of identifying and establishing a suitable capital project is not simple, requiring a careful consideration of the local dynamics of the area, and establishing a viable and sustainable project that not only generates local employment and resources, but also provides a needed service to the surrounding community.

Local Capital Project

*Social Enterprise established in years 3 to 5
Owned & run by NGO - profits to Trading A/c*



We have invested significantly in establishing the following Projects:

- Shophouse: Phnom Penh, Cambodia
- Eye Care Centre: Punjab, North-Eastern Pakistan
- Secondary School: Harare, Zimbabwe

Shophouse: Phnom Penh, Cambodia

Why Cambodia?

- Cambodia has made great strides over the past two decades in reducing its poverty rate (minimum income to cover basic needs) from 47.8% of the population in 2007 to 13.5% in 2014, primarily driven by the rice market (rising rice prices and improved transportation).
- Despite this progress, around 70% of the population still does not have access to a piped water supply, and 32% of children suffer stunted growth due to malnourishment.

Microfinance Impact

- Microlend Australia’s partner organisation in Cambodia officially moved into the newly constructed shophouse in February 2022 with our staff occupying three rooms as office space
- Being owner-occupiers, we are saving \$450 per month on rent and are receiving rental income of \$210 per month for a room in the shophouse being leased to a tenant. Additionally, we are in the process of finding additional tenants for the final office and ground floor space, which is likely to house a cafe.
- Our team is very pleased with their new premise and report that it is a fantastic location to conduct their business



Eye Care Centre: Punjab, North-Eastern Pakistan

Why Pakistan?

- Most blindness in Pakistan is caused by cataracts. If caught early, cataracts can be treated with a straightforward operation
- 76% of people in Pakistan live on less than \$5.50 per day and many hospitals in Punjab tend to charge high fees meaning that marginalised families cannot afford care

Microfinance Impact

- Microlend Australia proudly supports an eye-care centre in the Punjab region by providing much-needed funds for medical equipment and subsidising the cost of procedures for low-income individuals.
- Since opening in December 2021, the hospital has performed 70 cataract surgeries by June 2022.
- These 70 surgeries were all performed on individuals who would have otherwise not been able to afford this life-changing procedure
- Recent funds have also allowed the hospital to employ additional staff to better meet the needs of the community



Secondary School: Harare, Zimbabwe

Why Zimbabwe?

- 74% of people in Zimbabwe live on less than \$5.50 per day, and the country has battled triple digit hyper-inflation for the past two years
- As a result, Zimbabwe continues to face serious economic challenges resulting in significant implications on the education system

Microfinance Impact

- A two-classroom block has been constructed and furnished with tables, chairs, and bathroom facilities
- 10 talented children from disadvantaged backgrounds, or who have suffered the loss of parents, have been awarded scholarships to study free-of-charge. The school has a total of 53 children enrolled.
- The school received a donation of 3 computers and has commenced computer classes. While this is a promising start, the school needs funds to purchase additional computers so the frequency and length of computer classes can increase given computer literacy is an invaluable skill in today's world.



LETTER FROM ONE OF OUR PARTNERS

To All Our Partners

Our financial year 2021/2022 has been hectic as usual, doing more because each gathering had to be done several times with reduced numbers to observe COVID-19 protocols. All your contributions are highly appreciated. In this dead economy, the brunt of which bears heavily on the rural poor, the families that received assistance fared much better than the rest. We humbly admit that we cannot help everybody, even the ones that we help, we cannot meet every need. The effort here is to give HOPE, so that hopeful people can inspire others.



We managed to give educational support to 155 children, 54% of them girls, and 5 of which live with disabilities and go to expensive special needs schools. Another 113 children are benefitting from the goat-pass-on project. Some of these orphans are quite gifted, they passed their final examinations, and a few have managed to get scholarships from elsewhere for their tertiary education. We are not able to cover that. Thirteen children disabled in their legs are booked to undergo corrective bone surgery in a charitable hospital, we facilitate transport and accommodation. Eighty mobility tools were distributed to people living with disabilities including wheelchairs, walking frames and others. 70 pairs of reading glasses were also distributed to sight impaired people. Most of the disabilities are AIDS-related.

The AIDS and COVID-19 prevention efforts have paid off greatly. The COVID casualties were extremely low even though most people are living with HIV. Vulnerable households received seed and fertiliser as COVID relief. Some of the HIV and AIDS prevention gains were reversed though, for example infection rate for STIs and HIV among the youth rose a bit, gender-based violence and teenage pregnancies increased. AIDS-related deaths have been significantly reduced, there are no bedridden clients for most of the time. Our clients are working and productive. They are involved in support groups projects that seek to improve household food security and income.

The garden projects are the most excelling in food security and income generating. In this arid region it is always underground water, and it is quite expensive, but with your generous assistance we managed to finish two more gardens and they are flourishing. Other projects equally important in the communities are conservation farming, agroforestry, ISALs (village banking), poultry, piggery, fishery, beekeeping, food processing, orchards, and many more. Some of the projects grew to become businesses and are backed by the microfinance that is revolving in the community. This is effectively reducing poverty in the households. There are now more than 250 small businesses, 102 of which are doing well. They have not only reduced poverty in their households, but they have also created jobs for others, 3 jobs each on average. Fifty-four percent of them are owned by women.

We are having a great impact in this small rural town and the district as a whole. We are grateful for the office building that you purchased for us, it has saved close to USD \$7,000 in rent and has gone a long way in making our work and organisation, ALFA, sustainable. Funds raised from letting space is spent on educational support for children from two schools, and local office expenses. The most

encouraging development about the offices is that there is always running water here even when the town goes without water for a month.

On behalf of the hard-working team at ALFA, the faithful volunteers in the villages, and the transformed families in Gokwe South District, THANK YOU VERY MUCH. God bless you and your families.



NEW BUSINESSES ESTABLISHED

Microfinance Centre	Existing Businesses	New Businesses	Total Businesses
Kenya (Commutrem)	97	0	
Kenya (Simbachai)	19	1	20
Kenya (Door of Hope)	1	70	71
Cambodia (PPC)**	118	9	127
Mongolia (Windows of Hope) ¹	62	-16	46
Pakistan (1 to Another)	12	0	12
Papua New Guinea	55	0	55
Philippines (Cebu) ²	94	2	96
Uganda (Faith Harvest)	149	36	185
Tanzania	28	89	117
Zimbabwe (Harare)	13	31	44
Zimbabwe (Bulawayo)	56	1	57
Zimbabwe (Gokwe) ^{3**}	215	1	216
Zimbabwe (Mutare/Windows of Hope) ^{4**}	592	12	604
Rwanda	33	0	33
Total	1544	236	1780

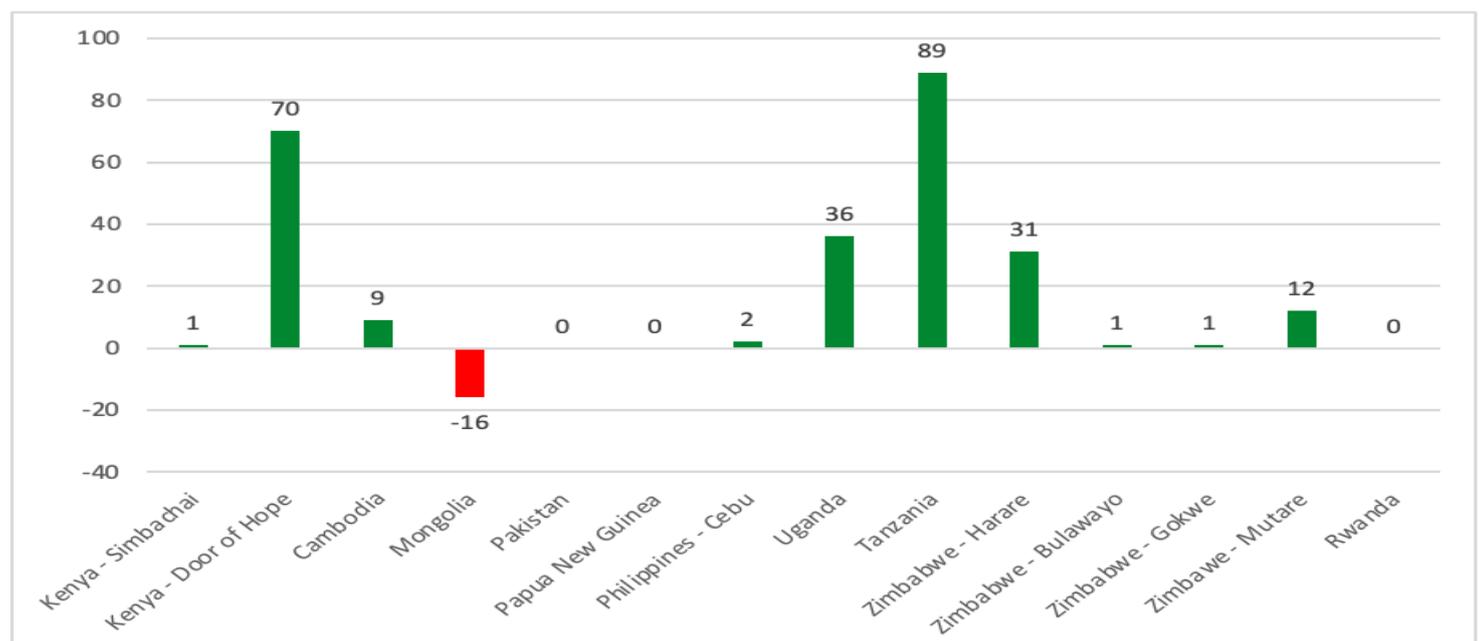
¹ Numbers in Mongolia decreased because out of the 62 proposed cases only 46 went ahead

² 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. Figures shown include businesses that were created prior to Microlend Australia Ltd partnering with Microfund Small Business solutions Inc in Sept 2017.

³ Alfa Projects in Gokwe Zimbabwe is an existing Microfinance centre that was established by Ralf & Anne Schroers on a personal basis in 2012. Figures shown include businesses created prior to Microlend Australia Ltd partnering with Alfa Projects in Sept 2017.

⁴ 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.

** denotes sites that are now operating primarily independent of Microlend Australia. Microlend still provides ongoing support, but financial assistance is only provided on an "Ad Hoc" basis



OUR ORGANISATION

Microlend Australia Ltd. implements 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.** Our process is as follows:



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, all volunteers pay for their own travel and accommodation. Please refer to our Annual Reports regarding the actual cost breakdown. Would you like to join us as a volunteer?

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 the Microlend website and can be downloaded by you for free.

What makes us special?



We do not believe in giving donations, but rather **empowering people** by creating businesses for them



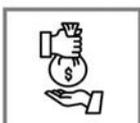
This philosophy provides a **permanent pathway** out of poverty



We use **microfinance strategies** (on a not-for-profit basis) to fund the businesses



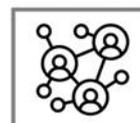
Funds are lent and once repaid are **recycled for the next project**



100% of proceeds go to the poor (unless the donor instructs us to finance Microlend’s self-funding capital program)



Microlend is run **100% by volunteers** – no members or staff are paid any salaries from donations received



We operate fundraising branches **across Australia** including Narellan, Five Dock, Hunter Valley & Tamworth



Currently we operate 14 overseas microfinance centers in **11 countries**

INDEPENDENT AUDITOR'S REPORT

To the members of Microlend Australia Limited Report on the Financial Report We have reviewed the accompanying financial report of Microlend Pty Ltd, which comprises the statement of financial position as at 30 June 2022 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, 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 the registered entity 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 (ACNC Act) and for such internal control as the responsible entities 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. **Auditor's Responsibility** My responsibility is to express a conclusion on the financial report based on my review. We conducted our review in accordance with Auditing Standard 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, we have not become aware of any matter that makes us 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 2022 and its performance for the year ended on that date; and complying with the Australian Standards and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation). ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report. 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. Independence In conducting our review, we have complied with the independence requirement of the ACNC Act. We confirm that the independence declaration required by the ACNC Act, which has been given to the responsible entities of Microlend Australia Limited, would be in the same terms if given to the responsible entities as at the time of this auditor's report. **Conclusion** Based on our review, which is not an audit, we have not become aware of any matter that makes 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 2022 and of its financial performance for the year ended on that date; and (b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013. Report on Other Legal and Regulatory Requirements,

A handwritten signature in black ink, appearing to read "William Tomiczek", is written over a horizontal line.

William Tomiczek

Registered Company Auditor 1425

66 Emu Plains Rd Mt Riverview 2774

Signed on the 10th day of October 2022

FINANCIAL STATEMENTS

Statement of Financial Position: 30 June 2022

MICROLEND AUSTRALIA LIMITED ABN 25 166 836 415
Detailed Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash Assets			
Microlend Aust-Bendigo Bank		81,497	54,169
Microlend Narellen-Macquarie		112,059	89,817
Microlend Pymble-Bendigo Bank		43,406	26,364
Microlend Tamworth		27,286	25,283
Microlend Hunter Valley Macquarie		5,000	0
		269,248	195,634
Receivables			
Loan PRG Developments Unit Trust		881,666	841,666
		881,666	841,666
Current Tax Assets			
GST payable control account		20,515	0
Taxation		408	0
		20,922	0
Total Current Assets		1,171,836	1,037,300
Non-Current Assets			
Other Financial Assets			
Colonial First State Wholesale Fund		25,865	5,000
Shares in Unlisted Companies		1,351,273	1,260,000
Units in Unlisted Unit Trusts		53,334	53,334
		1,430,472	1,318,334
Property, Plant and Equipment			
Property Unit 2 183 Airfd Rd Leumeah		54,180	0
Office Furniture & Equipment		1,213	1,213
		55,393	1,213
Total Non-Current Assets		1,485,865	1,319,547
Total Assets		2,657,701	2,356,847

MICROLEND AUSTRALIA LIMITED ABN 25 166 836 415
Detailed Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
Non-Current Liabilities			
Financial Liabilities			
Unsecured:			
Loans Schroers Superfund		1,254,463	1,240,243
		<u>1,254,463</u>	<u>1,240,243</u>
Total Non-Current Liabilities		<u>1,254,463</u>	<u>1,240,243</u>
Total Liabilities		<u>1,254,463</u>	<u>1,240,243</u>
Net Assets		<u>1,403,238</u>	<u>1,116,604</u>
Equity			
Issued and Paid Up Capital		7	7
Retained profits / (accumulated losses)		<u>1,403,231</u>	<u>1,116,597</u>
Total Equity		<u>1,403,238</u>	<u>1,116,604</u>

Statement of Financial Performance: FY 2021-22

MICROLEND AUSTRALIA LIMITED ABN 25 166 836 415

Detailed Profit and Loss Statement

For the year ended 30 June 2022

	2022 \$	2021 \$
Income		
Grants Received	2,000	1,500
Donations/Gift income	463,533	681,868
Membership Fees	1	1
Microlend Five Dock Contributions	9,338	12,625
Microlend Narellen Contributions	14,855	600
Income Fundraising Events	857	4,902
Dividends - Received	0	8,700
Interest received	19	40
Capital gains	86,633	0
Total income	577,236	710,237
Expenses		
Accountancy	557	0
Audit fees	1,556	1,540
Bank fees & charges	2,039	1,570
Computer Expenses	0	11,110
Fundraising Expenses	4,845	5,977
Insurance	1,574	1,745
Interest - Australia	11,020	41,966
Legal fees	181	0
Microfinance Funding	268,400	397,361
Printing & stationery	430	0
Subscriptions	0	570
Total expenses	290,602	461,838
Profit from Ordinary Activities before income tax	286,634	248,399

Cash Flow statement – Microlend Australia Ltd experienced an operating profit of \$286,634 for the 2021/2022 financial year. This was primarily due to one very generous donor, new corporate sponsorship, and the introduction of further investment capital. Again, a substantial part of the funding received from the public was donated towards larger capital projects in overseas centres, namely in Harare Zimbabwe, Phnom Penh Cambodia, and Multan in Pakistan. We also managed to provide funding towards a further 236 New business among the poor. Also, some debt was retired, and further inflows went to local investments. There are still further capital projects that we expect to develop in the 2022/23 year e.g. In Mongolia and Uganda. During all times Microlend Australia remained cash flow positive and there is no reason to anticipate that this will change in the ensuing years. We expect that cash flow will be somewhat limited in 2022/23 year due to the ongoing compliance delays in some of our investments, however this should alleviate itself hopefully by the 2024-25 financial year once our investment projects are completed.

MICROLEND AUSTRALIA LIMITED ABN 25166836415

Notes to the Financial Statements
For the year ended 30 June 2022

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act of New South Wales and the requirements of the Australian Charities and Not-for-profits Commission Act 2012. The committee has determined that the association is not a reporting entity as it is unlikely there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-Profits Commission Act 2012 and the significant accounting policies disclosed below, which the Committee have determined are appropriate to meet the needs of the members. The special purpose financial statements do not comply with all the recognition and measurement requirements in Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of seven months or less.

(b) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Revenue comprises of revenue from grant income, donations, bank interest, and other income.

The association recognises income in profit or loss when or as the association satisfies its obligations under the terms of the grant.

Interest revenue is recognised on an accruals basis.

Donations and bequests were recognised as revenue when received.

Revenue from the rendering of a service was recognised upon the delivery of the service to the customer.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the assets and liabilities statement.

**Notes to the Financial Statements
For the year ended 30 June 2022**

(d) Income Tax

The Association is a registered charity and is exempt from income tax in accordance with Section 50-B of the Income Tax Assessment Act 1997. The Association is a public benevolent institution and holds deductible gift recipient status.

(e) Property, Plant and Equipment (PPE)

Motor vehicles and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

The carrying amount of an item of PPE shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of PPE shall be included in profit or loss when the item is derecognised.

(f) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(g) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

For leases that have significantly below-market terms and conditions principally to enable the association to further its objectives (commonly known as peppercorn/concessionary leases), the association has adopted the temporary relief under AASB2018-8 and measures the right of use assets at cost on initial recognition.

(i) Key estimates and judgments

Plant and equipment, the association reviews the useful life of plant and equipment on annual basis.

**Statement by Members of the Board
For the year ended 30 June 2022**

The Board has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board the Income and Expenditure Statement, Statement of Financial Position, and Notes to the Financial Statements:

1. Presents fairly the financial position of Microlend Australia Limited as at 30 June 2022 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.
3. the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

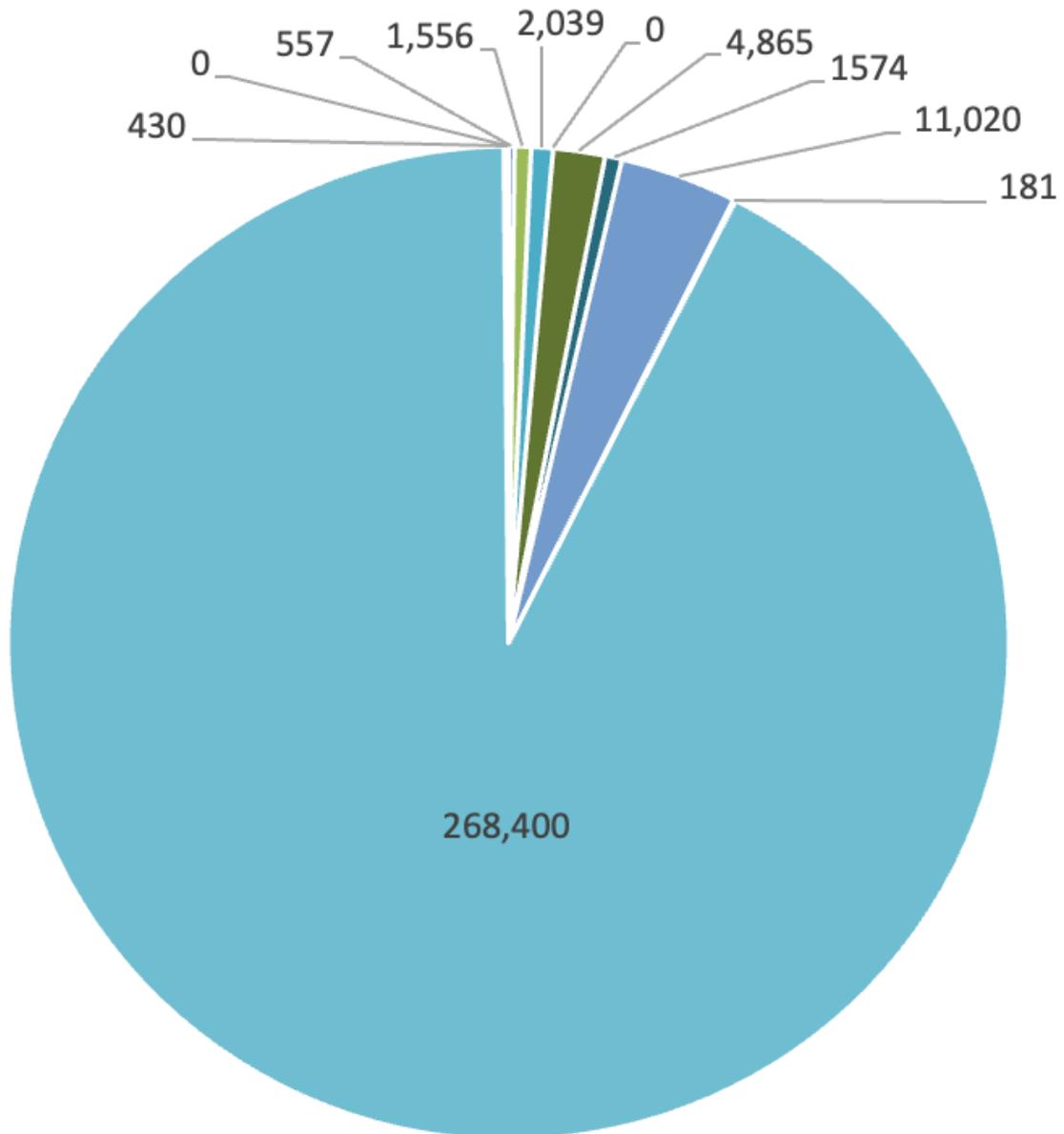
This statement is made in accordance with a resolution of the Board and signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013 on behalf of the Board by:

Director

Director

Dated this 10th day of October 2022

Operating Expenses Breakdown: FY 2021-22



- Accountancy
- Bank Fees & Charges
- Fundraising Expenses
- Interest - Australia
- Microfinance Funding
- Subscriptions
- Audit Fees
- Computer Expenses
- Insurance
- Legal Fees
- Printing & Stationery