

# MICROLEND AUSTRALIA LTD



## 2020 ANNUAL REPORT



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*The picture on the front cover shows three of the ladies who received loans through our partners in Rwanda, All Trust Consulting, to assist them commence their agricultural sales projects.*

*The program overall has given 25 loans, and have all been proven successful.*

## 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 in setting 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 whose primary aim was to help eradicate world poverty after having sold their business after 31 years in the financial planning industry.

On the 19th November 2013 Ralf & Anne Schroers expanded their operations by forming a registered 'Not for Profit' organisation called Microlend Australia Ltd. Microlend Australia Ltd has the same aim of eradicating world poverty 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 who 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 (see sample gift card below)
- Providing these funds to the needy on a microfinance basis
- Monitoring of the loan and business activities.



*A new range of "Gift Cards" made available to support fundraising efforts – details for purchasing can be found on our website*

# MESSAGES FROM THE BOARD

## Microlend Australia President's Report.

The 2019-20 year was one of unexpected surprises and events, not the least of which was the onset of the Covid-19 pandemic. Despite these upheavals, I am pleased to provide you with an informative annual report for Microlend Australia Ltd for the 2019-20 year. I can also re-affirm that Microlend Australia is continuing to grow, and remains focused on being one of the driving forces in the world towards ending poverty through empowerment.

In this report I will share some developments that occurred throughout the year. It will feature information based on our key performance indicators and should provide you with a clear understanding of Microlend Australia's purpose and strategy.

### Financial sustainability

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

By creating a sustainable model we can:

- Develop social enterprise activities among the poor that will provide them with a source of ongoing revenue and empowerment
- Build an ongoing platform of fundraising and awareness to the public
- Build a platform of self-empowerment through the creation of ongoing income streams owned by Microlend Australia
- Implement good management and follow up protocols regarding the finances issued

We set some financial goals last year with the results as shown below:

- Last year our aim was to raise at least \$100,000 from the public via charity dinners and other fundraising activities. We achieved \$54,065.82 which is 46% under our target because we only managed to run one charity dinner before COVID-19 struck, leaving us with a small amount of online selling for the remainder of the year.
- Another strategy was to encourage corporate sponsorship via actual donations or joint venture type business activities. In 2018-19 we had a corporate sponsor who supported us for one year. In the 2019-20 we obtained two corporate sponsors who provided us with a total of \$45,600.00 in funds which were used specifically for Zimbabwe and Pakistan.
- We received \$206,632.23 from the principals and volunteers of Microlend Australia which was over our target of \$200,000.
- A total of \$274,479.54 which was funded from the donations received was distributed to set up the micro finance businesses.
- Our aim was to also raise \$1M in investment capital to provide Microlend Australia with its own independent income source to reduce dependency on public donations and grants. The actual funds received were \$597,880.85, some of which was introduced as capital for the charity with the remainder being used to fund overseas projects. We also received a further

\$990,000 in the form of a loan for investment purposes. After repaying some of the debt, our capital now stands at \$2,106,213.60 with an associated debt of \$1,448,277.55.

- For overseas funding we enhanced our existing Xero accounting platform to also incorporate a feedback system on how the individual loans are performing. This was implemented by using the file notes section within Xero.

For full details of Microlend Australia Ltd's financial position please refer to the Profit and Loss statement and Balance Sheet – Pages 20 & 21.

Please note that as in previous years, **all** the administration and fund raising expenses were absorbed by the founders and volunteers of Microlend Australia. **Hence 100% of public donations continued being used for the actual projects. Thank you to all our supporters for having made this possible.**

As a result, we have been able to create **182** new businesses among the poor, bringing the total number to **1489**. A substantial portion of our revenue was also used to provide capital projects to two sites in Zimbabwe and one in Rwanda. Further funding of capital projects is anticipated for Cambodia, Rwanda, Pakistan and Mongolia in the ensuing years.

## 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 government frameworks within host countries.

We maintain our local governance requirements through:

- The 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
- Ensuring our overseas partners accreditation protocols recognised

## Project Focus

Microlend Australia continuously monitors our projects to make sure they are viable and meet identified needs within each local community context.

We confirm this by:

- Ensuring business proposals are thoroughly reviewed and assessed. Indeed in the first year of operation we ask each overseas microfinance organisation to send us every business proposal for our perusal.
- Providing ongoing training, mentoring and support to our project partners. We provide every overseas partner with access to all of our training material via our webpage platform. This training material is freely available to any member of the public.
- Implementing risk management strategies in each operational area. We have implemented a new feedback system for each individual business. There is still considerable work to be done in this area as many of the 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.

- Visiting personally our partner sites every two or three years on a regular basis. This year we visited four sites in Zimbabwe, Rwanda, a new site in Kenya and Tanzania before returning home just before the COVID-19 crisis which effectively halted further international visits.



*Ralf conducting training in the Philippines in 2019*

## Information and Knowledge Sharing

As previously mentioned, Microlend Australia continues to share its expertise with its operational partners enabling them to become independent and self sufficient. This, of course, does not mean that we will be cutting ties with these 'mature' organisations, instead, we hope to walk along side them as they grow.

To empower these sites we:

- 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

This is implemented by:

- Continuing to develop our website with past and current projects and stories. At present we are looking at revamping our front page to be more in line with current trends, as well as providing the public with the option to make regular donations.
- Updating and enhancing our training material. Apart from existing material, we expect to introduce an online accounting system for our business entrepreneurs overseas.
- Enhancing networking channels such as our free training material which has been downloaded by both local and overseas people for their personal use. An example would be Miss Career Africa program, developed in Rwanda, of which Microlend Australia is the major sponsor.
- Watching briefs on industry sector movements. We believe that we can substantially improve in this area if our staff/volunteer capacity increased.

## People and Capabilities

Microlend Australia is continuing to build the capacity of our volunteers, branches and partners.

To do this we have:

- Instigated regular review sessions with our volunteers in our various branches at Narellan, Five Dock and Tamworth, as well as Head Office.
- Reviewed our "operating capacity" during our meetings and set some annual targets.
- Visited our overseas partners in Zimbabwe, Rwanda, Kenya and Tanzania

Specifically we have :

- Increased our volunteer base by two people in our Five Dock branch. We are still looking for a suitable volunteer who is willing to take up the president's position in Five Dock. Head office has acquired one account manager to review the overseas accounts. However, due to the increased numbers of overseas accounts, we still need an extra permanent part time volunteer. Microlend Australia is also looking for a volunteer marketing manager.
- Managed to visit our four locations within Zimbabwe, new locations in Rwanda, Kenya and Tanzania. In Zimbabwe our strategy was to develop their 'capital projects'. In Rwanda we are continuing to support the Miss Career Africa competition, as well as developing an agricultural project. In Kenya and Tanzania we provided training programs, and set up the accounting systems for our new microfinance centres. This was achieved before the COVID-19 restrictions. Our intention for next year is to travel to India to review one of our old microfinance sites, and to the Philippines and Cambodia to discuss their possible capital projects.
- Started setting up a business owned by Microlend Australia to support payment of a permanent staff member. To achieve this some investment projects have been started and contributed by the founders of Microlend Australia. We also hope to acquire more businesses in the coming 2020-21 financial year to further enhance this capacity.
- Planned to enable our partner "Windows of Hope" in Mutare, Zimbabwe, to become 'financially independent' from Microlend Australia. Their building project in Chiredze has been completed. The first few rental payments have been received to help the running of their organisation and microfinance program. We will still assist them in meeting their compliance and provide further training and funding for some special projects.



*Youth Mentoring in the Philippines*

## Quality, Measurement and improvement

The above targets and outcomes must align with international sustainable development goals.

To accomplish this we have 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)
- A performance and review system of our organisation using our existing monitoring structure

We have implemented these systems by:

- Incorporating these SDGs and human rights implementation into our practices, operations manuals, partnership agreements and all training modules
- Implementing a cloud based accounting system that allows us to monitor every loan executed by our overseas partners. We now have good quantitative information and looking forward to expanding this system.

The above report gives you a broad overview of our goals and strategies and the steps we have taken to implement these targets. Despite obstacles such as the Covid-19 pandemic, the economic instability in Zimbabwe, and ongoing operational issues at some overseas sites, we continue to grow in both helping to alleviate poverty through empowerment and also in the internal growth of our organisation.

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



*Fish Drying business  
the Philippines*

## Microlend Five Dock Report

Over the past 12 months, the Five Dock Committee has grown from 4 people to 6 people - Kathy Guiffre, Mary De Brincat, Sam Quach, Wendy Volkmar and Carmen Karauda who joined in Oct 2019 as the Treasurer and Gail Wright as the Minutes Secretary.

This Committee has had 9 meetings. 7 of them were held either at Canada Bay Club, Bankstown Sports Club or Leumeah Head Office, with 2 Zoom meetings. At these meetings, we discussed a range of items.

On February 20th, the committee spent hours at the Leumeah office preparing many items including Easter eggs, food, toys and wine hampers which they took home ready to bring to the charity dinner.

Sadly our March charity fundraising dinner for Cambodia had to be cancelled due to Covid-19.

Kathy and Gail generously purchased the Easter hampers and donated the money to Microlend Australia.

With Kathy's help Wendy organised the Silent Auction items to be put on an auction site. [www.32auctions.com.organizations/62398/auctions/78627](http://www.32auctions.com.organizations/62398/auctions/78627).

It was a success, raising \$11,666.00. Five Dock had raised \$13,995.89 and we now have a balance of \$51,037.30 in the bank account. What a great effort!

In September 2019, we received feedback from Cambodia stating that a limit of US\$65k only can be donated. Having already donated US\$59k, we could only provide another US\$6k to projects, so the remainder we suggested could be used as a capital project e.g. an education or a tutoring centre. We have now established 14 new businesses in 2019-2020, taking the total number of businesses to 99.

### Next Steps

We have a new branch in Simbachai, Kenya and we have started 19 new businesses there.

We have looked at other ways to raise money including downloading the app called Shopnate (Easy Fundraiser) where you can nominate our charity when you shop.

Looking forward to future fund raising charity dinners.

Microlend Five Dock Branch Team

## Microlend Narellan Report

It has been a pleasure to work alongside dedicated and passionate members of the Narellan team, despite trying times in the midst of COVID-19. We have adapted our fundraising efforts to ensure that we implement the appropriate social distancing measures, and continue to raise funds to invest in various aspiring entrepreneurs in developing countries, to lift them from poverty and give them the tools needed to become financially independent.

In adapting to the environment, we have put a pause on the charity dinner fundraisers, and have focused our efforts to raise funds online and in innovative ways. The successful ventures we have undertaken include; partnering with Shopnate, planning online silent auctions for the fourth quarter of 2020, selling raffle tickets, selling items on Gumtree, and investing in mobile phone recharging machines that will be placed in various locations across New South Wales.

With regards to investing the funds we raised from Narellan's charity dinner in 2019, we have decided to invest a proportion into Microlend's Mongolian site and Microlend's Ghana site. Bishop Richard, our team member from Ghana himself, will spearhead the project in Ghana with Ralf, the CEO, to ensure the funds are invested well and truly where they are needed most.

## Next Steps

We have also made it our mission to enhance our current website in an effort to bring in more funds and present a more modern aesthetic website to attract a greater audience. The enhancements will be implemented over the coming months and they include: adding a "Monthly Donation" button alongside the current "Donate Once" option, and updating each page by adding more information and vibrant visuals to improve the design.

We continue to work on our ventures and refine our fundraising efforts in an effort to help those who need it most as we head into 2021.



Nicole Merrillees

President – Narellan Branch

## Microlend Tamworth President's Report

The following report outlines the major activities and notable events for the Tamworth Chapter of Microlend Australia during the 2019-2020 financial year. It should be noted that this has been another particularly tough year economically in PNG, in Australia and around the world. Unfortunately African swine fever has broken out in the Southern Highlands of PNG resulting in most pigs dying. Fortunately the swine fever has as yet not affected any of our pig businesses located in the Lai Valley and hopefully these businesses will remain unaffected in the future.

In NSW we started the financial year with 8 months of the worst drought in 100 years. During the drought Australia was also ravaged during summer for 3 months by some of the worst and most extensive bush fires in memory. Adding to these problems Australia and the world was thrown into the Covid -19 pandemic for the last 4 months of the financial year which greatly affected every aspect of our lives and the economy.

In PNG most businesses have survived; two have repaid their loan and several other loans have been nearly paid off. It has been recommended that faithful owners who are repaying their businesses be given leniency during these tough financial times. The manager and trustees are starting to put pressure on businesses that are not repaying their loans with the threat of legal action if they do not start repaying their loans with a regular small amount. It is sad that some business owners are not taking their financial responsibilities seriously. This should soon change.

### Yearly activities

18 August 2019 Committee Meeting at Howard and Jet Barnes – Discussed upcoming fundraising activities – The meeting was attended by Ralf and Annie Schroers who provided a Microlend Australia update plus they provided us with possible funding opportunities.

11 –23 September 2019 Paul Sullivan and Ralf Schroers travelled to PNG to meet with as many of PNG Microlend business owners as possible. The meetings were held in Kip and Mendi. Our PNG Microlend Manager Elijah Yandowe sat in on all meetings while our four trustees attended many of the meetings. Businesses were examined, owners were encouraged, new ideas were usually presented and payments were rescheduled.

5 –22 December 2019 Paul and Lois Sullivan together with Col and Helen Pearce visited PNG to follow up on the work conducted two months earlier. A project to supply clean water to Kip village from a spring located 3 km away in the mountains was examined. This water would initially be provided to the hospital and medical centre and to the borders of the valley high school. Water would also be provided to the locals at various points along the 3 km pipe line. It is not sure how this could possibly be run as a business and thus the money for this project would need to be raised outside of the Microlend charter.

28 September 2019 A collectables fare was held at Peter and Rosemary Andersen's residence – Collectable items for sale included fine china, stamps, coins, etc. Morning tea, a BBQ and a plant sale were part of the fare. \$2700 was raised.

September/October - The garden walk at Howard and Jet Barnes residence was called off due to the drought and harsh water restrictions which did not allow for any outside watering.

March - The movie nights beginning in March (which have been great money earners and were so popular in the past) had to be called off due to Covid -19 restrictions.

21 May 2020 A meeting was held via zoom which was hosted by Ralf and Annie Schroers presented many possible money earning ideas.

18 June 2020 Annual General Meeting – The meeting was held at Colin and Helen Pearce’s residence with the following positions being filled:

|                |               |                     |                |
|----------------|---------------|---------------------|----------------|
| President      | Paul Sullivan | Assistant Secretary | Lois Sullivan  |
| Vice President | Colin Pearce  | Treasurer           | Stewart Lanyon |
| Secretary      | Lesley Hood   | Assistant Treasurer | Paul Lewington |

Overseas Reps Paul and Lois Sullivan, Col and Helen Pearce

Throughout the year firewood collecting events were conducted and many trailer loads were delivered raising \$780 for the year.

### Financial Activities

Several people have been faithfully donating money on either a weekly or monthly basis. A new donor has approached us and wants to begin making regular donations. In addition to this there were four larger donations that exceeded \$1000.

By 30/6/2020 the bank balance for the Tamworth Chapter of Microlend was - \$21,475.30

### Future Activities

In total the Tamworth Chapter of Microlend has lent money to start 35 new businesses. Two businesses have fully repaid their loans, 33 are in varying stages of repayment and 3 businesses have failed. There are another 49 businesses that have been successful in being approved to start a small business but no new businesses are likely to be given a loan until the PNG economy improves and the existing businesses are able to begin repaying their loans again.

Paul Sullivan,  
President, Tamworth branch

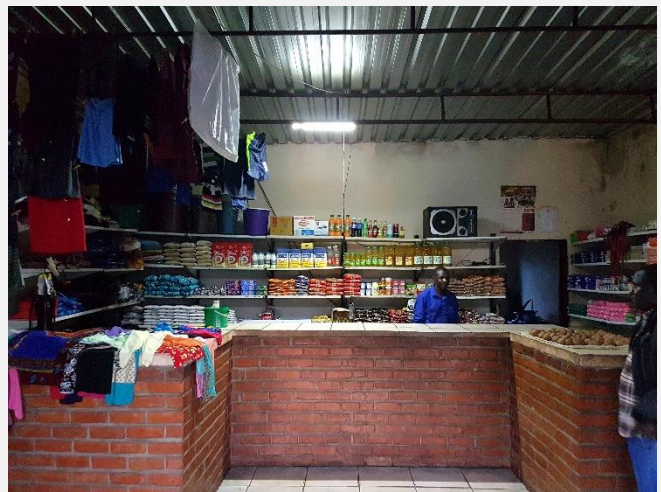


## Some of our Projects and overseas teams



*Transporting Ducks to market in Cambodia*

*One of the local businesses we helped create near Gokwe Zimbabwe through our microfinance operations*



*The opening of our microfinance centre in Tanzania. Yes, all the Microlend T-shirts were manufactured by the locals at their own cost.*

## OUR ORGANISATION

Microlend Australia Ltd implements a process towards combating world poverty that we believe it 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.

## OUR ORGANISATION (continued)

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.

## OUR CAPITAL PROJECTS

A key feature of the Microlend Model, is the establishment of a “capital project” for each of our long-term 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 them to continue providing revenue to maintain their own loan program.

The process of identifying , and establishing, a suitable capital project is not easy , 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.

During the 2019/20 Reporting Period, an intentional focus was given to Projects in Zimbabwe. In response to the rapidly deteriorating economic circumstances that has seen the Zimbabwean Government holding all US\$, and issuing Zimbabwean Bond notes, we have needed to redirect our reserves from “cash” to “property” as a hedge against rampant inflationary pressures.

We have invested significantly in establishing the following Projects.

### **GOKWE – ZIMBABWE ( Alfa Projects )**



The purchase of this property will allow our partner organisation to have their own premises thereby avoiding having to pay rent in US \$. Because the premises are quite large the plan is to use the building for multi purposes. Apart of housing the offices for the ALFA Ministries Microfinance Centre, it will also hold an Internet café and part of the premises can be sublet. There is also an adjoining vacant block of land that was included in the purchase that has potential for future development.

### **BULAWAYO – ZIMBABWE ( Social Enterprise Trust Zimbabwe )**



The purchase of this property will see the setting up of a mixed-purpose space including a coffee shop including stationery, photocopying hub, groceries and fruit and vegetable sales. Profits from this enterprise will be used to provide a better income to the microfinance co-ordinator as well as provide more finance capital that can be used to help the poor.

## **RWANDA ( All Trust Consulting )**



The purchase of 3hectares of land will allow for the establishment of a community agricultural co-operative for up to 8 different operators. There are also plans to develop this into a tourist resort as this site enjoys direct waterfrontage to a magnificent lake.

In addition, All Trust been the major sponsor/supporter of the Miss Career Africa Project which is continuing to grow, and transition contestants into businesses.



*Frank, our co-ordinator in  
Rwanada, with some local  
children*

**For the 2020-21 financial year** we have also been undertaking preliminary work for the following Projects:

PAKISTAN ( One to Another ) – assisting in the operations of the Victoria Memorial Hospital  
MONGOLIA ( Windows of Hope ) – the establishment of a potential Day Care Centre  
HARARE - ZIMBABWE – ( Living Word Ministries ) – the building of a secondary School  
CAMBODIA – (PPC) – options still being determined

# INDEPENDENT AUDITOR REPORT

## Auditor's report

### Microlend Australia Limited For the year ended 30 June 2020

#### 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 2020, 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 me 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 2020 and its performance for the year 2020 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 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 2020 and of its financial performance and cash flows for the year 2020 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*

Auditor's report

**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: BusinessDEPOT Sydney

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

Dated: 18/11/2020

# FINANCIAL STATEMENTS

## Statement of Financial Position as at 30 June 2020

### Balance Sheet Microlend Australia Limited As at 30 June 2020

|   | 30 Jun 2020           | 30 Jun 2019           |
|---|-----------------------|-----------------------|
| <b>Assets</b>                           |                       |                       |
| <b>Bank</b>                             |                       |                       |
| Microlend Aust Bendigo Bank Head Office | \$50,526.89           | \$95,705.92           |
| Microlend Future Bendigo Bank           | \$51,041.01           | \$46,099.38           |
| Microlend Narellan Macquarie            | \$87,226.12           | \$58,274.08           |
| Microlend Tamworth                      | \$21,475.30           | \$9,031.54            |
| <b>Total Bank</b>                       | <b>\$210,269.32</b>   | <b>\$209,110.92</b>   |
| <b>Fixed Assets</b>                     |                       |                       |
| Community 21 Limited                    | \$10,000.00           | \$10,000.00           |
| Lot 27.05, 402 Macquarie st, Liverpool  | 0                     | \$400,000.00          |
| Lot G.05, 402 Macquarie St, Liverpool   | 0                     | \$200,000.00          |
| Office Equipment At Cost                | \$1,213.50            | \$1,213.50            |
| <b>Total Fixed Assets</b>               | <b>\$11,213.50</b>    | <b>\$611,213.50</b>   |
| <b>Non-current Assets</b>               |                       |                       |
| Kingdom Towers 1 Pty Ltd shares         | \$1,000,000.00        | \$0.00                |
| Kingdom Towers 7 Pty Ltd shares         | \$250,000.00          | \$250,000.00          |
| PRG Developments Pty Ltd                | \$845,000.00          | \$0.00                |
| <b>Total Non-current Assets</b>         | <b>\$2,095,000.00</b> | <b>\$250,000.00</b>   |
| <b>Total Assets</b>                     | <b>\$2,316,482.82</b> | <b>\$1,070,324.42</b> |
| <b>Liabilities</b>                      |                       |                       |
| <b>Non-Current Liabilities</b>          |                       |                       |
| Loan from Schroers Superannuation Fund  | \$1,448,277.55        | \$800,000.00          |
| <b>Total Non-Current Liabilities</b>    | <b>\$1,448,277.55</b> | <b>\$800,000.00</b>   |
| <b>Total Liabilities</b>                | <b>\$1,448,277.55</b> | <b>\$800,000.00</b>   |
| <b>Net Assets</b>                       | <b>\$868,205.27</b>   | <b>\$270,324.42</b>   |
| <b>Equity</b>                           |                       |                       |
| Current Year Earnings                   | \$597,880.85          | \$169,311.14          |
| Member Contribution                     | \$5.00                | \$5.00                |
| Retained Earnings                       | \$270,319.42          | \$101,008.28          |
| <b>Total Equity</b>                     | <b>\$868,205.27</b>   | <b>\$270,324.42</b>   |

Explanation - Refer Presidents Report – pages 4 and 5 Under “Financial Sustainability”

## Statement of Comprehensive Income for the year ended 30 June 2020

### Profit and Loss Microlend Australia Limited For the year ended 30 June 2020

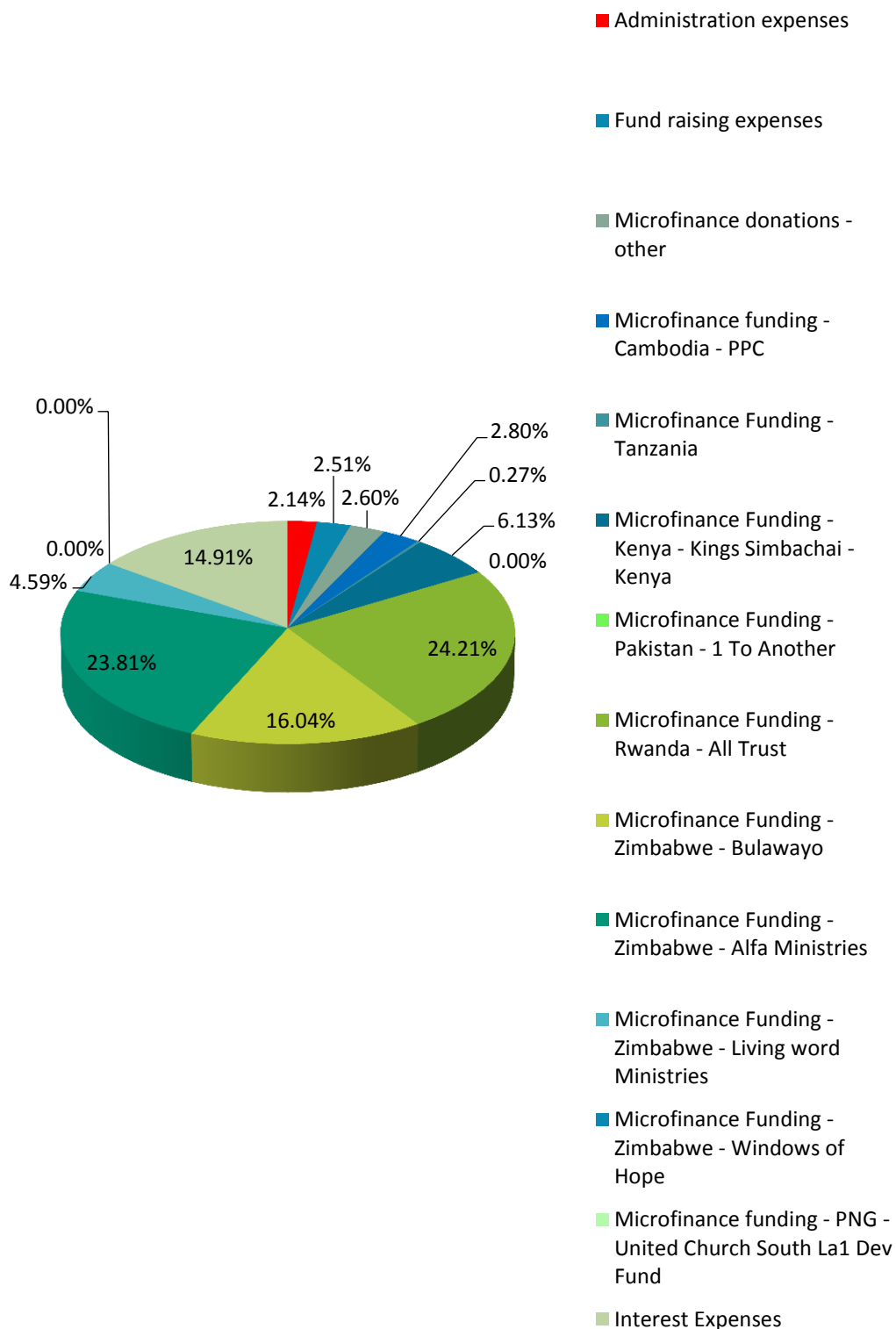
| Account   | 2020              |
|---|-------------------|
| <b>Trading Income</b>   |                   |
| Donation/Gift Income  | 899,665.82        |
| Income From Fundraising Events                                    | 6,515.00          |
| Membership fees   | 3.00              |
| Microlend Five Dock Contribns                                     | 1,940.00          |
| Microlend Narellan Contribns                                      | 22,768.93         |
| Sale of donated goods   | 280.00            |
| <b>Total Trading Income</b>                                       | <b>931,172.75</b> |
| <b>Gross Profit</b>   | <b>931,172.75</b> |
| <b>Other Income</b>   |                   |
| Dividends received  | 3,962.20          |
| Interest Income   | 550.88            |
| <b>Total Other Income</b>   | <b>4,513.08</b>   |
| <b>Operating Expenses</b>   |                   |
| Accounting/Bookkeeping Fees                                       | 1,937.85          |
| Advertising & Marketing   | 583.06            |
| Bank Fees   | 1,662.44          |
| Business Insurance  | 958.04            |
| Computer Expenses   | 346.00            |
| Directors liability Insurance                                     | 764.50            |
| Fund Raising expenses - Futures Branch                            | 1,080.00          |
| Fund raising expenses - general                                   | 1,950.00          |
| Fund raising expenses - Narellan Branch                           | 5,100.00          |
| General Repairs & Maintenance                                     | 297.00            |
| Interest Expense  | 48,277.55         |
| Legal Fees  | 85.00             |
| Microfinance Donations - other                                    | 8,421.35          |
| Microfinance Funding - Cambodia - PPC                             | 9,057.97          |
| Microfinance funding - Kenya - Kings Simbachai                    | 19,838.97         |
| Microfinance Funding - Philippines - Cebu                         | 13,971.01         |
| Microfinance Funding - Rwanda                                     | 78,409.54         |
| Microfinance funding - Tanzania - Norbert and Friends             | 887.19            |
| Microfinance Funding - Zimbabwe - Bulawayo - Mind the Gap         | 51,926.87         |
| Microfinance funding - Zimbabwe - Gokwe                           | 77,107.35         |
| Microfinance Funding - Zimbabwe - Harare - Living Word Ministries | 14,859.29         |
| Subscriptions & Memberships                                       | 284.00            |
| <b>Total Operating Expenses</b>                                   | <b>337,804.98</b> |
| <b>Net Profit</b>   | <b>597,880.85</b> |

## Expenses breakup

**Expenditure Break up**  
**Microlend Australia Limited**  
**1 July 2019 to 30 June 2020**

|  |              |         |
|--|--------------|---------|
| Administration expenses  | \$6,917.89   | 2.05%   |
| Fund raising expenses  | \$8,130.00   | 2.41%   |
| Microfinance donations - other                                     | \$8,421.35   | 2.49%   |
| Microfinance funding - Cambodia - PPC                              | \$9,057.97   | 2.68%   |
| microfinance funding - Philippines - Cebu - Microfund Sml Bus Soln | \$13,971.01  | 4.14%   |
| Microfinance Funding - Tanzania                                    | \$887.19     | 0.26%   |
| Microfinance Funding - Kenya - Commutrem - Kenya                   | \$0.00       | 0.00%   |
| Microfinance Funding - Kenya - Kings Simbachai - Kenya             | \$19,838.97  | 5.87%   |
| Microfinance Funding - Mongolia - Windows of Hope                  | \$0.00       | 0.00%   |
| Microfinance Funding - Pakistan - 1 To Another                     | \$0.00       | 0.00%   |
| Microfinance Funding - Rwanda - All Trust                          | \$78,409.54  | 23.21%  |
| Microfinance Funding - Zimbabwe - Bulawayo                         | \$51,926.87  | 15.37%  |
| Microfinance Funding - Zimbabwe - Alfa Ministries                  | \$77,107.35  | 22.83%  |
| Microfinance Funding - Zimbabwe - Living word Ministries           | \$14,859.29  | 4.40%   |
| Microfinance Funding - Zimbabwe - Windows of Hope                  | \$0.00       | 0.00%   |
| Microfinance funding - PNG - United Church South La1 Dev Fund      | \$0.00       | 0.00%   |
| Interest Expenses  | \$48,277.55  | 14.29%  |
| Total Operating Expenses   | \$337,804.98 | 100.00% |

Chart of expenditure breakup



## Total New Businesses During The Year

|   | No of previously established<br>Businesses | No of new<br>businesses | Total to<br>date |
|---|--|-------------------------|------------------|
| Microfinance centre                                 |  |                         |                  |
| Kenya - Commutrem                                   | 96   | 1                       | 97               |
| Cambodia - PPC                                      | 51   | 34                      | 85               |
| Mongolia - Windows of Hope                          | 34   | 6                       | 40               |
| Pakistan - 1 to another                             | 8  | 3                       | 11               |
| Papua New Guinea                                    | 22   | 33                      | 55               |
| Philippines - Cebu <sup>1</sup>                     | 70   | 15                      | 85               |
| Uganda - Faith Harvest                              | 84   | 17                      | 101              |
| Zimbabwe - Harare                                   | 11   | 0                       | 11               |
| Zimbabwe - Bulawayo                                 | 54   | 2                       | 56               |
| Zimbabwe - Gokwe <sup>2</sup>                       | 105  | 76                      | 181              |
| Zimbabwe - Mutare - Windows<br>of hope <sup>3</sup> | 579  | 5                       | 584              |
| Rwanda  | 0  | 1                       | 1                |
| <b>Total</b>  | <b>1,114</b>                               | <b>193</b>              | <b>1,307</b>     |

Note.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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.

*Chart of New Businesses created in various countries*

