



"... And what does the Lord
require of you?
To act justly and to love mercy..."
-Micah 6:8



Love Mercy Foundation Limited
Annual Operations Report
2013 / 2014

Suite 1 Civic Arcade 768 Old Princes Hwy Sutherland NSW Australia 2232
PO Box 702 Sutherland NSW 2232
Ph / 0452 212 306 Fax / 02 9521 2696
www.lovemercyfoundation.org
ABN 71 142 069 645

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If the content of this report causes the reader to wish to raise an issue or complaint, this may be done through our formal complaints handling mechanism. Please send your comments in writing to Caitlin Barrett via our website (www.lovemercyfoundation.org), email (caitlin@lovemercyfoundation.org), or post for your complaint to be dealt with in a timely, confidential, and professional manner.

Full financial statements are available upon request.

The Love Mercy Foundation endeavours to maintain a high standard of transparency and accountability in all aspects of its work and is committed to adhering fully to the Australian Council for International Development's Code of Conduct (the Code). If you consider a breach of the Code has occurred, or you do not consider our response to your complaint satisfactory, you may contact the Australian Council of International Development at its website www.acfid.asn.au or by telephone on (02) 6285 1816.

1. About Us

1.1 Vision Statement

“The Love Mercy Foundation exists to see Northern Ugandans live an empowered life, free to exercise their basic human rights to a secure food supply, income, education, health, and equality, through sustainable development projects based on enabling the potential of local communities.”

The vision for Love Mercy Uganda was established after two professional athletes, Julius Achon of Uganda, and Eloise Wellings of Sydney, Australia met in 2008. One morning on a routine training run in Uganda, Julius Achon literally stumbled upon 11 orphaned children living underneath a bus. These children, who had been affected by Africa’s longest running war, were without food, clothing, housing or education, with some of the children unable to remember their own names. From that day on, Julius adopted the children as his own family.

Julius himself was no stranger to poverty. Having grown up in the remote village of Awake in Northern Uganda, being abducted by the Lord’s Resistance Army and forced into being a child soldier, he understands like no other the effects of poverty and war on children. After a miraculous escape from captivity and a natural ability as a long distance runner, Julius established his foundation in response to the dire situation faced by the residents of his home village, Awake. Ravaged by the brutality of the Lord’s Resistance Army during Uganda’s two-decade civil war, damaged by floods, and, more recently, touched by famine, the village’s residents are struggling in the face of truly inadequate living conditions, and many children have been left without family.

After hearing of Julius’s story, Eloise Wellings established Love Mercy Uganda in February 2010 to facilitate the development of Julius’s village with a vision to impact all of Uganda and eventually all of Africa.

1.2 Mission Statement

“The Love Mercy Foundation will seek to implement effective & sustainable, rights based development projects, which rely upon the potential of local communities in a way that promotes gender equality, environmental sustainability and participatory program development. We see the love of Christ through the local church as a driving force for change in overcoming poverty.”

1.3 Statement of Values

The Love Mercy Foundation is founded upon the following scripture:



“And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God.” Micah 6:8

Our values are derived through the readings of scripture and the desire to empower those in poverty as expressed in the Bible. The empowerment of those in poverty will not be limited to those who profess a faith, and will be explicitly non-discriminatory in regards to religion. Evangelistic projects are limited to one Christmas project per year whereby a celebration meal is provided to churches in remote villages. All other programs are run free from evangelism, without express reference to faith or church attendance. Projects are often coordinated in partnership with local churches. However, this is due to pre-existing authority and power structures in rural villages and not always based on religious preference to work through churches.

1.4 Objectives

- i. Relief of immediate poverty through aid and development.
- ii. Advancement of sustainable development through education and employment.
- iii. Advancement of medical support through establishment of clinics.
- iv. Establishment of Christian spirituality through Christmas ministry.

1.5 Directorship

Ben Poppett - Chairman of the Board

Ben Poppett has been a member of the board since the Foundation began in 2009. Ben is a Certified Public Accountant and completed a Bachelor of Commerce (Accounting) with his own practice since 2003. He serves the organisation by providing his skills in finance, audit, governance, systems and accounts. Ben worships with his family at Hillsong Church.

Caitlin Barrett – Secretary & CEO.

Caitlin has completed a Bachelor of International Studies in Development and is currently completing her Masters of International Development. Caitlin oversees the management of the organisation, including project management, fundraising, administration and compliance. She attends Thrive Community Church with her family.

Eloise Wellings – Founder

Eloise is a founding Love Mercy Foundation Director. Eloise serves the organisation by facilitating our ongoing relationship with our in-country partners. She also serves in a public relations role, by doing speaking and media events. Eloise is a professional athlete and has competed at the London Olympics and most recently the Glasgow Commonwealth Games. She attends Thrive Community church with her family.

Naomi Watt - Love Mercy Foundation Director

Naomi joined the board in 2009. She serves the organisation by chairing the Sutherland to Surf Fundraising Committee. She also coordinates other fundraising events. Naomi runs her own small business as a florist and attends Thrive Community Church with her husband.

Roger Wellings - Love Mercy Foundation Director

Roger serves the organisation by bringing his skills in finance, governance, systems and partner relations. He completed a Bachelor of Commerce with Honours in finance and accounting. He was the founding owner and manager of Fiji and Pacific Specialist Holidays in Sydney. He now acts as a consultant for tourism and property development in the South Pacific.

Julius Achon – Founder

Julius is a founding Love Mercy Foundation Director and has been a board member since 2009. Julius is also a board member for our Partner organisation in Uganda. Julius manages all in-country staff and liaises with relevant government bodies. Julius is a retired professional athlete living in Uganda. He represented Uganda at two Olympic Games.

Rev. Michael Hardie - Love Mercy Foundation Director

Mike Hardie serves the board by facilitating the relationship of the organisation and local churches. Mike brings his experience in project planning, ideas leadership and vision development. Mike Hardie is a Reverend with Churches of Christ at Thrive Community Church having completed a Bachelor of Ministries.

Josh Hollis - Love Mercy Foundation Director

Josh Hollis is an active member of the board in the capacity of project planning, vision and leadership. He has completed a Bachelor of Environmental Engineering and a Masters in Engineering Science. He is a member of the Institution of Engineers and is a Chartered Professional Engineer. He attends Menai Urban Life Church with his family.

Leanne Tibben – Love Mercy Foundation Director

Leanne has been a member of the board since 2012. She is a registered nurse with experience in coronary care since 2009 at Sutherland Hospital. She is passionate about health care and health service delivery and advises the board in relation to health care programs. She attends Thrive Community Church with her family.

Dr. Gary Franks – Love Mercy Foundation Director since 9/04/2014 Dr. Gary Franks is a General Practitioner and currently serves as the Medical Co-ordinator of Illawong Christian Medical Centre in Sydney. Gary has been an active member and Chairman of the St George Division of General Practice, and a consultant to the Therapeutic Guidelines in antibiotics. He has visited Africa with different organisations including Uganda for Watoto International, Rwanda with Hope Global and Zambia with the Salvation Army, and brings his medical experience to our health care programs in Uganda.

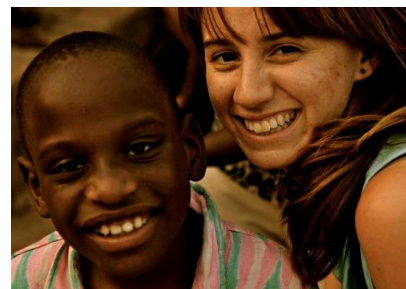
Jailene Noon – Resigned from the board on 9/04/2014

1.6 Statement from Governing Body

Caitlin Barrett- Secretary

In the 2013/2014 financial year, Love Mercy Foundation achieved our biggest goal to date. On March 20th 2014 we were officially given Deductible Gift Recipient (DGR) status by the Australian Taxation Office and the Department of Foreign Affairs and Trade. This was following an extremely thorough application process. This achievement was not only a financial gain for our organisation with further incentive for our donors to give, but recognition of our credibility and our accountability in every aspect of our operations. We are humbled and grateful for this new status for our organisation and we will continue to strive for transparency and efficiency in every dollar we receive. We are grateful to our local member the Hon. Scott Morrison who assisted in this process.

We sent two teams to Uganda in 2013/14, starting with a team of three in October 2013 who visited the Annual Julius Achon fun run in Awake village. The team was also due to witness the dedication of the hospital ward. Unfortunately it was at this time that we suddenly lost our dear friend and director of Achon Uganda Children's Fund, James Fee. The dedication of the ward was pushed back to February 2014, at which time we opened the James Fee Memorial Ward, a 45-bed hospital ward adjacent to the Kristina Health Clinic. We have also witnessed the quick construction of 5 two-bedroom units which will accommodate the expanded



staff that the hospital ward will require. We are grateful to our American partners in health, Achon Uganda Children's Fund, who procured Rotary International grants to help to equip the hospital, and also provide the ambulance, which is currently servicing the area.



In 2013 we had two staff members take maternity leave, which saw the birth of two beautiful baby girls. Cassandra Jenkins stepped in to pick up some of the work load. Cassi is a dedicated and passionate woman of God who studied to become a lawyer, and is currently perusing her passion for human rights in Africa. Cassi travelled to Uganda in January to interview our Cents for Seeds participants to continue to improve the program. Her findings were presented to the board, including the women's request to implement a store house to attract wholesale buyers. The swift action taken to implement these necessary changes is a demonstration of our Board's

ongoing commitment to achieve the project's objective of empowering women to overcome poverty by generating an adequate income.

Whilst our total revenue was lower than the previous financial year due to two key staff being on maternity leave, our fundraising efforts were still strong. Thanks to a team of 120 supporters who ran the Sutherland to Surf in July, a total of \$65,000 was raised to put towards the hospital ward's final stages of construction. We were also proud to be accepted in South of the Border's stores in Cronulla, Bondi and Byron Bay who stock our ethically made bracelets. Each bracelet contributes \$15 to our ongoing administration and fundraising costs. Furthermore, we saw a wonderful group of ladies come together in December to celebrate Christmas and learn to cook a lovely Aussie Christmas meal thanks to qualified chef, Andrew Tibben, who donated his time and skills. We also managed to raise a huge \$4,000 thanks to a fundraising partnership with The Burma Project who hosted a Fashion warehouse sale and a farmer's market at Thrive Community church, where the local community came and bought fresh produce, cakes, and other handmade goods.

Reflecting upon the many blessings of this year, we would like to offer our sincere gratitude to all those who have partnered with us by volunteering their time, their resources and their skills. Under the guidance and strategic direction of our gifted Board, we eagerly await the achievements ahead in 2015.

2. Review of Operations

2.1 Child Sponsorship

Background

Love Mercy Foundation (LMF) currently operates a Child Sponsorship program inclusive of 37 children. The organisation was initially established in order to provide funding for these children and remove the financial burden from founder Julius Achon.

Aims

This project aims to provide educational, emotional, and social support to children who have been orphaned by war or whose families have been adversely impacted by the war.

Stakeholders

The children in the sponsorship program are made up of the original 11 children that Julius took into his home in 2003. Other orphans and children affected by war and poverty have since been included in this program, with some living in the LMF house in Lira, Uganda, while others board at school or still live in their rural communities.

Finances

The program operates on the basis of pairing a sponsor with a child for an amount of \$44 dollars a month. These funds are put into a Child Sponsorship pool which contributes to the overall needs of the program.

The total cost to operate this program in 2013/2014 was - \$15,292.20

The total raised for this program in 2013/2014 was - \$12,232.96

This cost included school fees for 37 children, and the purchase of food, clothing, and educational supplies and of course health care.

Update

Given that a significant surplus remained from funds raised for the Child Sponsorship program last financial year, a number of donations in consultation with donors were redirected to other LMF programs to meet the most pressing needs of the organisation. This explains the shortfall in the amount raised for the program in 2013/2014.

This year, LMF celebrated as ten of the children in the Child Sponsorship program passed their final primary school exams and began their secondary education at high school. What a marvellous result for our gifted students! Entry into high school is highly competitive. Four of the ten sponsor children received very impressive results in their exams, ranking in the top 25% of the country. LMF also saw one child, who had previously been forced to drop out of school due to health reasons, return to study.

LMF strongly believes that education is key to empowering the younger generation to break the cycle of poverty. In January, a staff member from Australia travelled to Uganda to evaluate the children's progress and to provide each of them with gifts and letters from their sponsors. The evaluation concluded that the majority of children in the program were enjoying their education, were achieving good results and were motivated to continue their studies in order to achieve their desired profession. Only one child was shown to be struggling as a result of unfortunate personal circumstances. Under the guidance of our field staff and our board, LMF is working towards further meeting the personal needs of our students, through mentoring and emotional and spiritual support to try to address personal hardships faced by some of our students.

Overall the program was again a success in 2013/2014 and will continue to operate in 2014/2015, however as indicated in the past two financial years, LMF does not intend to expand the program by including additional children in the future. The board is instead committed to establishing a long-term plan that will encompass more sustainable programs, allowing a greater number of children to receive support. This plan will be focused around providing education to a greater number of students in corporation with the Ugandan government, and is set to enter planning stages in 2015.



2.2 Cents for Seeds

Background

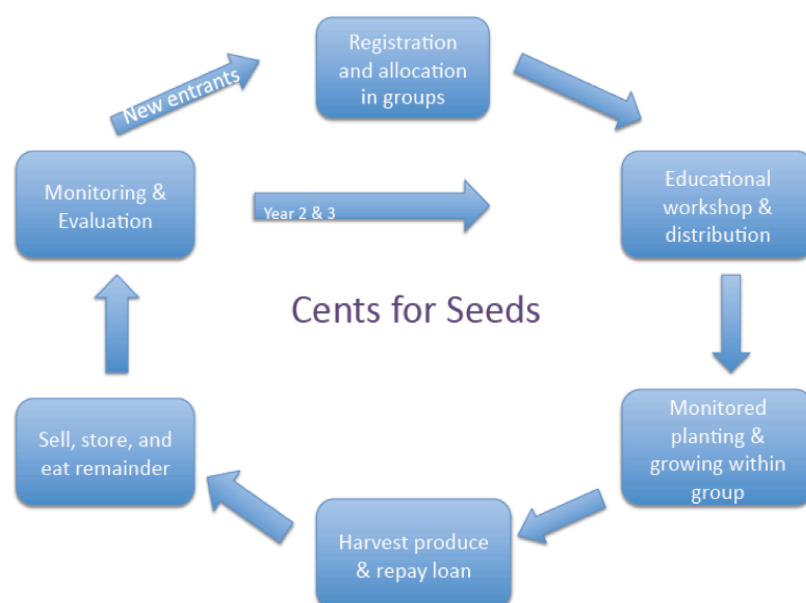
The Cents for Seeds program operates using the basic premise of microfinance using agricultural inputs instead of finance. In previous years, a family was provided with 15kgs of seeds of their choice, however LMF recently increased this initial loan to 30kgs and has since seen a drastic improvement in the yield harvested. After the harvest, the initial principle is paid back to LMF in order to continue the loan to the next registered participant. After the family pays back their initial principle, they have the option of accepting another loan of a different seed the following year as an incentive to continue the cycle of microfinance. The program is currently being run in 3 villages, and we are looking forward to expanding in 2015.

Aims

The Cents for Seeds program aims to break the cycle of poverty in rural Uganda by empowering women in agriculture.

Stakeholders

Women will continue to be consulted at the village level as to how the project can best meet their needs and empower them to design, implement, monitor and evaluate this project as it evolves. As well as providing agricultural support in the form of seeds and tools, women will be educated about their planting practices and best practice in terms of storage and selling produce. By providing micro-finance loans of seeds and agricultural tools to women, women will be provided with a source of income for their household. This will increase their contact with currency, provide market opportunities, and increase the flow of capital into isolated villages.



Finances

The Cents for Seeds project is funded using \$25 donations from the public in Australia, through the sale of gift cards. It is also funded by donations from the public in larger amounts, and through an ongoing partnership with The Horse selling farmer's markets bags.

The total cost to operate this program in 2013/2014 was - \$25,813.19
The total raised for this program in 2013/2014 was - \$45,230.66
(The surplus of funds will be rolled over into the 2015 growing season)

Update

In 2013/2014, the Cents for Seeds program maintained 800 participants in the 3 villages of Barr, Awake and Orum.

Following the recommendations made in the previous year's evaluation report, the LMF board chose to increase the loan of seeds provided to each woman from 15kgs to 30kgs. This appeared to have a significant impact on the overall yield harvested, particularly for those in the village of Barr.

Over 400 women participated in the program this year in Barr Village and received a loan of high-quality beans, which have in the past proved to germinate well in the region's soil. Of the 400 participants, 14 were randomly selected in January 2014 to participate in consultation and evaluation interviews similar to those conducted in February 2013. Of the 14 women interviewed, 11 shared the total yield harvested and an average return was calculated. From the initial 30kgs of seed provided by LMF, the average return was 233kgs. One participant's beans germinated so well that she harvested more than 7 sacks (or 840kgs). During this consultation, LMF was also encouraged to learn that another participant had used initiative by planting residual seeds during the dry season in the marshy area of her land. This participant was therefore able to harvest seeds three times during the year.

The large majority of those interviewed stated that the increase in the initial loan of seeds had now empowered them to meet their everyday expenses, in particular their children's school fees, food and necessary house-hold items. They each expressed their sincerest thanks to LMF donors for giving them the resources to overcome poverty in their village and asked that the project be continued for one additional year. Barr village has also established a Village Savings and Loan program in conjunction with their Cents for Seeds group. In the case where fields have been lower, participants have begun borrowing from their groups in order to meet their immediate needs like school fees and medical bills.

Following community consultations with most participants of the program in Barr, the LMF board approved the construction of a community storehouse that would provide the women with greater opportunities to obtain better prices when selling their crops through wholesale buyers. Through consultation with the women themselves it was decided that the village community would source and secure the land on which the storehouse was to be built and take responsibility for its construction and ongoing maintenance. The community storehouse is a pilot initiative and, if successful, will be included in the final year for each of the participating villages of the Cents for Seeds program.

Unfortunately, in stark contrast to the successful harvest received in Barr, the participants in both the villages of Orum and Awake were severely impacted by drought. Their chosen seed of beans and groundnuts (peanuts) was unable to withstand the intermittent periods of rain, which were followed by even longer

periods of no rain at all. It was decided, again in consultation with the women, that the following season's seed of choice would need to be more resistant to the harsh and unpredictable weather conditions of Otuke County. Therefore In Awake Village and Orum Village, the women elected to receive both beans and sesame seeds in February 2014 in order to try to mitigate the risk of drought. The women elected to receive sesame as this crop have proven to germinate well in the past, and is also a higher earning crop than beans or rice. The sesame seeds are dried out in the sun, and ground up to make a paste which is extremely nutrient dense, also offering a good source of household nutrition.

Despite these challenges, there were however a small number of women whose bean crops germinated and who are already returning their loans. Fortunately, the sesame seeds are currently germinating well and will be harvested in the 2014/15 financial year.



2.3 Kristina Achuma Health Centre



Background

Following the dream of our founder, Julius Achon, to provide adequate healthcare to the people of the Otuke region, construction of the Kristina Health Centre began in 2011. Otuke County is 72kms from Lira, the site of the nearest healthcare facility. The vast majority of Otuke residents could not afford transportation to Lira or the care offered there. As such, every day, people in this region were suffering and in some cases dying needlessly because they did not have access to routine, preventative health care or emergency medical attention. Along with our American sister organisation, Achon Uganda Children's Fund, in 2012 we opened a local clinic staffed by Ugandan medical professionals able to provide affordable, basic care and to treat and triage the sick and injured. This facility is called the Kristina Achuma Achon Health Centre to honour Julius's mother, who was shot by the Lord's Resistance Army in 2004 and perished due to lack of available medical care.

Aims

LMF and AUCF plan to provide primary medical care including triage and appropriate treatment, disease testing, inoculation, medication dispensing and education. Ugandan MDs and RNs, as well as a general manager, currently staff the clinic. It is our hope for the future that the staff will be augmented by periodic visits from Australian and US-based doctors and nurses. Over a period of 4 years, LMF and AUCF have established extensive partnerships and created a set of best practices for developing access to appropriate medical care in rural Africa with the likes of Ugandan Ministry of Health, Engeye Clinic, Uganda Cares (HIV/AIDs testing), Lifewater International, Medical Teams International and other local and international aid organizations.

Finances

The clinic was funded through public donations received through the Sutherland to Surf fun run, and through corporate sponsorship.

The total cost to operate this program in 2013/2014 was - \$57,996.32

The total raised for this program in 2013/2014 was - \$26,674.00

(The shortfall was made from previous financial years surplus and from pooled funds)

Report

Following the great success of the Kristina Health Centre in 2013, LMF in partnership with AUCF, completed construction of an adjacent hospital ward which houses those with serious illnesses and those who require treatment over two or more days. Initially designed to hold only 18 patient beds, the final ward construction can hold up to 45 patient beds split between three separate wards – men, women and children. This was due to consultations with the Ugandan Ministry of Health who requested that we increase the capacity from 18 to 45 beds given the great need in the area. This promoted the health service from Level II clinic to Level III.

Prior to the completion of the hospital ward however, LMF sadly said farewell to a dear friend and colleague, James Fee, who unexpectedly passed away in October 2013. In February, LMF representatives were honoured to stand beside James' family and founder, Julius Achon, in opening the 'James Fee Memorial Ward'. The ward was given its name in loving memory of the man whose wisdom, guidance and heart for Uganda was the driving force behind the Kristina Health Centre and all its associated achievements. Since its dedication, the compound has also seen the construction of five two-bedroom units to house the additional 9 staff members hired to staff the ward. We proudly welcomed two representatives of President Museveni from the Ugandan Ministry of Health to dedicate the facility.

As in previous years, LMF again hit the streets of the Sutherland Shire in July 2013, participating in the Sutherland to Surf fun run in order to raise funds for the completion of the 45-bed ward. This year, another solid team of 120 runners, walkers and volunteers raised a total of \$67,023 – a great effort! The financial statements do not reflect the full amount of this campaign because it is conducted between June and July 2013. In July 2014, LMF hopes to raise \$65,000 towards the necessary fit out of the ward including patient beds, medication and equipment.

Finally, the emergency vehicle previously purchased with the generous funds granted by a Rotary Club in the US, began servicing not only the Kristina Health Centre and the Jim Fee Memorial Ward but also three other local clinics within a 100km radius. These health services are all in remote areas and the ambulance has been transporting serious patients, where necessary, into Lira for treatment at the general hospital. The ambulance functions by collecting a small user fee with the aim of becoming sustainable, and to also generate income for the health centre.

2.4 Christmas Goat*

With thanks to Thrive Community Church, we were again able to send funds to Uganda this year to provide churches in Orum with a Christmas celebration including the purchase of goat, rice, beans and also the repair and renovation of existing church buildings. The total raised was \$4,153.40 through a one-off offering collected by Thrive Community Church. The total spent was \$2,864.41, with the surplus allocated to future church building maintenances and repairs.

* This project is considered a non-development activity and funds raised for this project are therefore non-tax deductible. This project was funded solely by a one-off offering collected by Thrive Community Church.

3. Partners



Achon Uganda Children's Fund

The driving force behind the clinic and the ward, AUCF has provided guidance and direction in relation to our health care projects. This year, we remember our dear friend Jim Fee who we sadly lost in October. Our thoughts and prayers continue to be with Jim's family and we remain honoured to have worked with and learnt from such a generous and inspirational man.

Thrive Community Church

We value our strong and ongoing partnership with Thrive Community Church which continued to support us throughout the year by running LMF fundraisers and inviting Julius Achon to speak to the congregation whilst on a visit to Sydney.

The Big Table

We are delighted to have maintained our strong relationship with this community church run by Simon and Fiona Elliot in South Perth. The Big Table continues to donate to our Cents for Seeds project and Child Sponsorship program and we are grateful for their constant encouragement and support.

The Horse

We are so thankful for our ongoing partnership with The Horse. The small online boutique is selling large farmer's market bags for the retail price of \$40, with \$25 going directly to the LMF Cents for Seeds project.

Port Hacking High School

Thanks to the students and staff at Port Hacking High School who participated in the Sutherland to Surf with a team of 15.

Inaburra Christian School

Thanks to the staff and students at Inaburra Christian School who participated in the Sutherland to surf with a team of 17 people.

Our monthly Sponsors

We are so grateful to our faithful sponsors who donate monthly towards our child sponsorship program.

Our Fun Runners

We are so thankful to all those who ran another Sutherland to Surf for us in 2013.. Our thanks also goes to our sponsors who graciously supplied us with some incredible prizes and to 'Digerati- Lets make a website' who sponsored the BBQ again this year and continue to provide us with a great website service.

Public Donors

We are so grateful to those who continue to donate to our foundation. Without your support, we would not be able to carry out our life saving projects.

4. With Thanks



As always, our special thanks go to our staff on the ground, Julius and Grace Achon, and Jimmy and Florence Okullo without whom we couldn't have achieved all that we have accomplished this year.



5. Financials

Love Mercy Foundation Ltd (ABN 71 142 069 645)
Statement of Comprehensive Income
For the year ended 30 June 2014

	Note	2014	2013
Revenue		171,315	212,700
Expenses			
Project Expenses		(132,336)	(115,357)
Administration and fundraising expenses		<u>(56,103)</u>	<u>(56,793)</u>
Operating surplus (deficit)		(17,124)	40,550
Accumulated funds at the beginning of the financial year		<u>91,977</u>	<u>51,427</u>
Accumulated funds at the end of the financial year		<u>74,853</u>	<u>91,977</u>

Balance Sheet as at 30 June 2014

	Note	2014 \$	2013 \$
Current Assets			
Cash assets		<u>77,700</u>	<u>91,500</u>
Total Current Assets		<u>77,700</u>	<u>91,500</u>
Non-Current Assets			
Other		<u>1,161</u>	<u>1,697</u>
Total Non-Current Assets		<u>1,161</u>	<u>1,697</u>
Total Assets		<u>78,861</u>	<u>93,197</u>
Current Liabilities			
Payables		2,582	
Current taxation liabilities		572	394
Provisions		854	826
Total Current Liabilities		<u>4,008</u>	<u>1,220</u>
Total Liabilities		<u>4,008</u>	<u>1,220</u>
Net Assets		<u>74,853</u>	<u>91,977</u>
Accumulated Funds		<u>74,853</u>	<u>91,977</u>

Cash Flow From Operating Activities

Receipts from customers	168,386	208,637
Payments to Suppliers and employees	(185,115)	(170,408)
Interest received	<u>2,929</u>	<u>4,064</u>
Net cash provided by (used in)		
operating activities (note 2)	<u>(13,800)</u>	<u>42,293</u>
Net increase (decrease) in cash held	(13,800)	42,293
Cash at the beginning of the year	<u>91,500</u>	<u>49,207</u>
Cash at the end of the year (note 1)	<u>77,700</u>	<u>91,500</u>

Note 1. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash At Bank	8,098	5,020
CBA - Online Saver	<u>69,602</u>	<u>86,480</u>
	<u>77,700</u>	<u>91,500</u>

Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Result

Operating Surplus/(Deficit)	(17,124)	40,550
Amortisation	536	536
Changes in assets and liabilities:		
Increase (decrease) in trade creditors and accruals	2,582	
Increase (decrease) in employee entitlements	28	826
Increase (decrease) in sundry provisions	<u>178</u>	<u>381</u>
Net cash provided by (used in) operating activities	<u>(13,800)</u>	<u>42,293</u>

Table of Cash Flow Movement

Appeal/Designated purpose	Cash Available at beginning of FY	Income raised during FY	Expense during FY	Cash avail at end FY
Cents for Seeds	14,763	45,230	25,813	34,180
S2s /Medical	33,799	26,674	57,996	2,476
Child sponsorship	38,512	12,323	15,292	35,452
Christmas (Non Development)	286	4,153	2,864	1,574
Non-designated purpose	4,618	83,023	86,473	1,167
Total	91,977	171,314	188,439	74,852

International Aid and Development Income Statement

Revenue	2014	2013
Donations and gifts		
Monetary	156,020	198,355
Non-monetary		
Grants		
Other Income		
Sales	1,177	10,281
Interest	2928	4063
Parental leave rebate	<u>11,188</u>	
Total Revenue	<u>171,314</u>	<u>212,700</u>
Expenditure		
International Programs	117,042	103,579
Community Education	15,292	11,778
Fundraising Costs	2,434	12,729
Accountability and Administration	13,472	13,348
Wages	40,197	30,714
Non-Monetary		
Total Expenses	<u>188,439</u>	<u>172,150</u>
Excess /(Shortfall) of Revenue over Expenditure	(\$17,124)	\$40,550

Notes to and Forming Part of the Accounts

Note 1: Summary of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Corporations Act . The Board has determined that the Foundation is not a reporting entity.

The financial report has been prepared on an accruals 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) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

(b) 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 three months or less.

(c) 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.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

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

(d) 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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

(e) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to and Forming Part of the Accounts (cont)

(f) Structure and taxation

Love Mercy Foundation is a company limited by guarantee. It is registered with the Australian Charities and Not for Profits Commission as a charity and is exempt from income tax. Accordingly no income tax is payable. Love Mercy Foundation Overseas Aid Fund was approved on 20 March 2014 and as an Item 1 Deductible Gift Fund to which donors may make tax deductible gifts.

Note 2: Remuneration & Retirement Benefits

Directors' Remuneration

Julius Achon was remunerated \$10,843 for his role as manager and coordinator in Uganda.

Directors' Declaration

As detailed in Note 1 to the accounts, in the Directors' opinion, the Company is not a Reporting Entity as there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These accounts are therefore a "Special Purpose" Financial Report and have been prepared primarily to meet the Corporations Act requirements to prepare accounts.

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the Foundation's financial position as at 30 June 2014 and of its performance and Cashflows for the year ended on that date;
2. the financial statements and notes have been prepared in accordance with the provisions of the Charitable Fundraising Act and the regulations and conditions attached to the authority have been complied with by Love Mercy Foundation.
3. the internal controls exercised by Love Mercy Foundation are appropriate and effective in accounting for all income received and applied by Love Mercy Foundation from any fundraising appeals
4. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Dated:



SHEDDEN & GREEN PARTNERS

CHARTERED ACCOUNTANTS

ABN 43 723 342 276

Level 3 - Suite 28
19-21 Central Road
MIRANDA NSW 2228



Phone: (02) 9540 1944
Fax: (02) 9540 2201

Email: sheddenandgreen@bigpond.com

PO Box 142
MIRANDA 1490

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT

To the Directors, Love Mercy Foundation Limited

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2014 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act (2001) in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit

Shedden and Green Partners

Lawrence R Green FCA – Partner

26 September 2014
Level 3, 19-21 Central Road, Miranda NSW