

2016 — 2017

LOVE MERCY



ANNUAL OPERATIONS REPORT



TOTAL RAISED



\$ 6 6 8 , 7 9 3

CENTS FOR SEEDS



LOAN RETURN RATE IN 2016 = 93%

LOANS DISTRIBUTED IN 2017 = 10,417

KRISTINA HEALTH CENTRE



TOTAL NUMBER OF PATIENTS TREATED = 3,659

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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 CEO CAITLIN BARRETT VIA 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.



“NORTHERN UGANDA IS BEING TRANSFORMED BY SIMPLE SOLUTIONS TO POVERTY, BY EMPOWERING WOMEN AND GIRLS THROUGH PROJECTS WHICH INCREASE ACCESS TO EDUCATION, HEALTH CARE, AND INCOME GENERATION.”

1.1 VISION STATEMENT

The vision for Love Mercy Foundation was established after two professional athletes, Julius Achon of Uganda, and Eloise Wellings of Sydney, Australia met in 2008 and formed a lasting friendship. One morning on a routine training run in Uganda, Julius Achon came across 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 were struggling in the face of truly inadequate living conditions, and many children had been left without family.

After hearing of Julius's story, Eloise Wellings established Love Mercy Foundation 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

“ LOVE MERCY FOUNDATION SEEKS TO EMPOWER RURAL COMMUNITIES IN NORTHERN UGANDA TO OVERCOME POVERTY AFTER DECADES OF CIVIL WAR.”



“WE BELIEVE THAT ONE HUMBLE PERSON CAN MAKE A DIFFERENCE.”

1.3 STATEMENT OF VALUES

We believe that one humble person can make a difference. The motivation for our work is found in Christian values as we seek to:

- Act Justly** - to empower those who are experiencing poverty in northern Uganda in order to create a more just world.
- Love Mercy** - to show kindness to others, regardless of their faith, background, race, religion, or gender.
- Walk Humbly** - to hold others in higher regard than ourselves, be trustworthy, accountable and transparent in all that we do.

The empowerment of those in poverty will not be limited to those who profess a faith, and will be explicitly non-discriminatory. All 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

ELOISE WELLINGS

Chairperson of the Board

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 and Rio Olympics.

BEN POPPETT

Director & Treasurer

Ben Poppett has been a member of the board since the Foundation began in 2010. 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.

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.

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.

KATHERINE ROSSER

Love Mercy Foundation Director

Katie Rosser joined the board in 2016. Her experience in recruitment is invaluable in managing the HR needs of the organisation. Katie has a Bachelor of Laws and Legal Practice Certificate, and is a UK qualified solicitor. She is partner and director at Seldon Rosser recruitment firm in Sydney.

ROBERT CAIRNS

Love Mercy Foundation Director

Rob is the Head of Corporate Affairs for Australasia at Syngenta Australia. He joined the board in 2016. Rob became aware of Love Mercy through our shared vision of empowering small holder farmers. Rob serves our board with his agricultural skills and through our corporate partner Syngenta.

ADAM BALLESTY

Love Mercy Foundation Director

Adam Ballesty is Director of Marketing and Innovation at Diageo Australia. He is a passionate runner and serves the board by bringing his skills in branding and marketing to our fundraising efforts. He loves to see great teams thrive and has played a key role in Love Mercy's strategy to continue to increase the funds raised by Love Mercy during the financial year.

DANIELLE THOMSON

Love Mercy Foundation Director

Danielle went to Uganda on the first Love Mercy trip in 2010. She was captivated by it's people, particularly the Ugandan children. She is a Permanent Care and Adoptions Case Manager for Barnardos Australia and brings her skills in child protection and her passion for Uganda to the board.

CAITLIN BARRETT, CASSANDRA BOURKE, DAMON BRAY AND NATALIE LENNON RESIGNED FROM THE BOARD IN NOVEMBER 2016. JOSHUA HOLLIS RESIGNED FROM THE BOARD IN MAY 2017.



OUR BIGGEST YEAR YET!

1.6 STATEMENT FROM GOVERNING BODY

CAITLIN BARRETT – CEO

I'm pleased to say that this year has been our biggest and best year yet! Over the past twelve months, our projects have directly touched the lives of over 20,000 people, our fundraising efforts in Australia have increased by 33% and we have formed new partnerships with passionate individuals and businesses that have caught our vision and are committed to working with us to reach more in need.

In July, we were privileged enough to work with the ABC's Compass program that ran a one-hour feature on the Love Mercy Foundation and our co-founders. The feature, which aired on the first Sunday of the Olympics, resulted in a wave of generosity and support from the general public and brought in over \$50,000 of donations. We were overwhelmed with the outpouring of support and continue to be encouraged by the Australian community's response to our cause.

Just a few weeks later, we celebrated as our co-founder, Eloise Wellings, represented Australia at the Rio Olympics in both the Women's 5,000m and 10,000m track events. Eloise finished 9th overall in the 5,000m and 10th in the world record setting 10,000m event. We couldn't be any prouder of her efforts and her commitment to use her talent as a platform for change. It is her passion and love for those in northern Uganda that remains at the very heart of our organisation.

Riding the momentum of Eloise's success at the Olympics, during the 'I Run 4 Love' campaign 200 of our own runners took to the streets in three events; Sydney Morning Herald Half Marathon, Sutherland to Surf and the City to Surf; to collectively raise a total of \$150,000. These funds enabled 5,000 women to receive a seed loan and participate in Cents for Seeds in 2017.

Equally as exciting, Random House Publisher in the US released a biography on our other co-founder, Julius Achon, written by John Brant, in August. Titled, 'The Boy Who Runs', the book shares about Julius' experience growing up in poverty; being captured by the Lord's Resistance Army at the age of 11 and forced to become a child soldier; escaping the rebel camp; and upon returning to his village, finding a passion for running which ultimately led to him competing at two Olympic Games. It is an inspiring story of strength, endurance and resilience and is available for purchase from our merchandise store.

We were fortunate to have Julius in Australia for the Sutherland to Surf this year to promote our work and connect with our supporters.

Having connected with our co-founders and/or staff in the months leading up to and following the Olympic Games, a number of businesses approached our organisation with exciting partnership opportunities. We are excited to announce that in the past year, we have formed partnerships with Athletics Australia, Holding Redlich and Lexicon Agency. Each of these businesses are passionate about seeing individuals reach their full potential and have come alongside us to ensure that those in northern Uganda are afforded the same opportunities. We're very grateful for all of our new and existing partnerships and look forward to seeing what we might achieve together. Look forward to seeing what we might achieve together in the future.

Because of the generosity of our new partners and the increase in support we received in the earlier part of the financial year, we were able to set larger goals for our projects moving into 2017. During April and May, we distributed 10,000 seed loans to women and their families, achieving the half waypoint of our goal of 20,000 women by 2020. At Kristina Health Centre, we were able to construct a temporary maternity ward to enable the safe delivery of babies at our clinic until a permanent, stand-alone ward could be constructed in 2018.

In order to assist our Ugandan team to facilitate the expansion of these projects, Project Coordinator, Sally Hayman, flew to Uganda in February to spend ten months on the ground. With a particular focus on the Cents for Seeds irrigation pilot project and the implementation of maternity services at Kristina Health Centre, Sally has been working tirelessly to ensure that our projects continue to provide sustainable solutions to poverty. I am personally very grateful for Sally's heart to serve the communities in which we operate and for her commitment to continually strive for the highest standards across all our projects. She has thrown herself into the Ugandan culture and is greatly loved and appreciated by our whole team.

Lastly, and as always, I am exceptionally proud of our team both here in Australia and in Uganda. Despite being a year full of challenge, the team remained united and focused on the goal ahead and stepped up to do whatever was required. If the results of this year are anything to go by, I believe that the best is still yet to come.



2.1 CHILD SPONSORSHIP

Background

Love Mercy Foundation (LMF) currently operates a Child Sponsorship program inclusive of 38 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 some 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 Love Mercy 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 ongoing needs of the program often include school fees, and the purchase of food, clothing, and educational supplies and health care.

THE TOTAL RAISED FOR THIS PROGRAM
IN 2016/2017 WAS \$15,607

THE TOTAL COST TO OPERATE THIS PROGRAM
IN 2016/2017 WAS \$35,532

(THE SHORTFALL WAS MADE FROM POOLED FUNDS)



CHILD SPONSORSHIP

“EDUCATION IS THE MOST POWERFUL WEAPON
WE CAN USE TO CHANGE THE WORLD” - NELSON MANDELA



LOVE LOVE LOVE

UPDATE

This year has seen the children in our Child Sponsorship program go from strength to strength. In December 2016, five of our students successfully scored the required marks set by the Uganda Examinations Board to pass their Ordinary-level exams (O-level) and in February, they joined Senior 5 (equivalent to Year 11 in Australia). *Given that only 15% of students in Uganda make it to upper secondary school, we could not be any prouder of the hard work and determination each of these children have shown to get this far in their education. If all continue to perform well in their studies, we expect them to begin tertiary education (university or equivalent educational institution) in 2019.

In December 2017, we expect five students to sit for their Primary Living Examinations (equivalent of Year 6 in Australia). If successful, these students will start secondary school in the new year. In addition, we expect a further eight students to sit for their Ordinary-Level exams and move into their final two years of secondary school.

Earlier in the year, one student decided to leave high school to enrol in a construction course. The student will resume his studies in February 2018 as part of the new intake of apprentices.

Lastly, one of the original eleven orphans who decided to quit his studies prior to graduating high school has decided to study a Public Administration Certificate followed by a diploma in 2018. We are supportive of his decision to continue with his education and are looking forward to celebrating his graduation in two years.

As in previous years, the LMF Board has decided that the Child Sponsorship program will not be expanded beyond its current capacity and the major focus of operations and funding will be directed to our agricultural loan program, Cents for Seeds. This shift in the organisation's focus to primarily promoting and establishing fruitful businesses by empowering women subsequently enables mothers to directly support and care for their own children - hence eliminating the need for external child sponsorship.



2.2 CENTS FOR SEEDS

Background

The Cents for Seeds program operates on an adapted model of microfinance using agricultural inputs instead of finance. In its pilot years, a family was provided with 15kgs of seeds of their choice, however following consultations with program participants, Love Mercy Foundation increased this initial loan to 30kgs from 2014 and has since seen a drastic improvement in the yield harvested. After the harvest, the initial principle is paid back to Love Mercy Foundation in order to pass the loan onto 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 10 sub-counties, and we are looking forward to further expanding the program in 2018.

Aims

The Cents for Seeds program aims to break the cycle of poverty in rural Uganda by empowering women in agriculture. We hope to see 20,000 women engaged in

Cents for Seeds by the year 2020.

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 are 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 \$30 donations from the public in Australia, through an Ambassador program and the sale of gift cards. It is also funded by donations from the public in larger amounts, and through corporate sponsorship.

The total cost to operate this program in 2016/2017 was - \$221,754

The total raised for this program in 2016/2017 was - \$318,814

(The surplus will remain earmarked for future Cents for Seeds costs)

CENTS FOR SEEDS



"BEFORE THE PROJECT LIFE WAS VERY DIFFICULT. CENTS FOR SEEDS HAS HELPED ME MEET MY CHALLENGES HEAD ON.

FARMING NOW MAKES ME HAPPY AS I LOVE TO PLANT MY CROPS. MY HUSBAND LOVES CENTS FOR SEEDS TOO AS IT HELPS US TO PROVIDE FOR OUR THREE CHILDREN AND SAVE FOR THEM TO GO TO UNIVERSITY."

- SUNTA



Update

Thanks to a clear and considered strategy, to reach 20,000 women by the year 2020 with a seed loan, the past twelve months have seen our core program, Cents for Seeds, continue to expand at an exponential rate. In 2016, seed loans were distributed to 7,000 women across 26 parishes in the Lira and Otuke Districts of Northern Uganda, an increase of 392% from 2015.

Despite what was expected to be the worst drought in decades across the whole of East Africa, the majority of women in our program were able to harvest a substantial yield having selected sesame, a drought resistant crop, as their seed of choice. We are delighted to report that at the end of 2016, 93% of all seed loans were returned by participants. The returned loans were then securely stored and used as the capital for the following year's distributions.

With the expansion of the program evident, we put out a call to our supporters to 'Run for Love' and help raise \$150,000 to support 5,000 women through Cents for Seeds in 2017. Over 150 runners, across three events (Sydney Morning Herald Half Marathon, Sutherland to Surf and City to Surf), rose to the challenge and collectively surpassed the target, enabling 5,000 families to build and sustain their own livelihoods whilst simultaneously breaking the cycle of poverty.

Having heard of the program's success from participants of a nearby sub-county, the leaders of Amach sub-county invited us to run a Cents for Seeds pilot in one of their villages. In early 2017, we began operating in Aminocira with an initial intake of 250 women. This meant that between March and June, a total of 10,417 agricultural loans were distributed to women across northern Uganda. This was a milestone for

our organisation as it represented the half way mark to our goal of 20,000 women in 2020 and is a direct result of the hard work and dedication of our team on the ground in Uganda.

With the program having expanded across 10 sub-counties, our Ugandan team recruited two additional staff early in the year to help share the load. A third agriculturalist and a second Village, Savings and Loans Association (VSLA) trainer were added to their number and in just a few months approximately 50 educational workshops were held on agronomic best practices and 115 savings groups received financial literacy training.

Thanks to the generosity of GyMEA Baptist Church, in June 2016, we secured enough funding to trial sustainable drip irrigation systems in Barr sub-county. During the early planning stages of the pilot project, we encountered challenges in respect of the size and location of the plots of land to be irrigated. Having identified these challenges and developing on research performed in late 2016 on local drip irrigation methods and materials, we sent an irrigation specialist team from Australia to Uganda to conduct surveys and provide recommendations on an implementation strategy. Following the advice of the specialist team, our Ugandan team attended training run by an irrigation company based in Kampala and are in the process of community consultations with the women in Barr regarding the logistics of implementation. Over the next few months, we hope to purchase our first trial kits and to have the irrigation pilot ready for the dry season that begins in December.

Encouraged by the progress that has been made over the last year, we are looking forward to what lies ahead in 2018 and are ready for the challenges it will no doubt present.



2.3 KRISTINA ACUMA 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 district is 72kms from Lira, the site of the nearest high quality 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. In 2012, along with our American sister organisation, Achon Uganda Children's Fund (AUCF), 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 Acuma 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

Love Mercy Foundation and Achon Uganda Children's Fund aim to provide primary medical care including triage and appropriate treatment, disease testing, inoculation, medication dispensing and education to the people of Otuke. Ugandan MDs and RNs currently staff the clinic. It is our hope for the future that the staff will continue to be augmented by periodic visits from Australian and US-based doctors and nurses. Over a period of 5 years, Love Mercy Foundation and Achon Uganda Children's Fund 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, USAID and other local and international aid organizations.

Finances

The clinic was funded through public donations, and through corporate sponsorship.

THE TOTAL COST TO OPERATE THIS PROGRAM
IN 2016/2017 WAS - \$22,180

THE TOTAL RAISED FOR THIS PROGRAM IN
2016/2017 WAS - \$27,543

(THE SURPLUS WILL REMAIN EARMARKED FOR FUTURE CLINIC COSTS)



"I AM VERY HAPPY TO HAVE
THIS SERVICE OFFERED AT
KRISTINA HEALTH CENTRE.

I SEND MY GREETINGS AND
MY APPRECIATION TO OUR
FRIENDS IN AUSTRALIA AND
THANK YOU FOR WHAT YOU
ARE DOING".

- WINNIE

КН

LOVE SUPPORTING LOVE



Update

Following on from the progress made in the previous financial year and the overwhelming support of our donors to see the facility expand, this year the Kristina Health Centre treated a total of 3,659 patients and began offering a number of additional services.

In July 2016, the clinic recruited its first midwife to begin providing basic pre-natal care and education to expecting mothers as well as education on family planning methods and safe birthing practices to women in the community. Without the resources and facilities yet available, deliveries were unable to be offered at the time and expecting mothers were referred to the nearest clinic in Orum for labour.

Having identified the previous year that there was a great need for dental services in the area, we recruited a dentist on a part time basis (2 days per week) in October 2016. General dental services are offered on Thursdays and Fridays however the dentist may be called outside of business hours to attend to dental emergencies.

Since its inception, Kristina Health Centre has provided HIV testing and counselling services however was unable to provide HIV treatment until accreditation from the Ministry of Health was granted. Earlier in the year, we applied for HIV accreditation and in November, a representative attended the facility to conduct a site assessment. Following the site inspection, the representative made a few minor recommendations and referred the clinic to the District Health Officer to participate in HIV treatment training. We are currently in the process of discussing with the District Health Officer available dates to conduct the training

and hope to receive our accreditation in the coming year.

In December, we received news that Kristina Health Centre had been selected to participate in a five-year maternal services program, funded by USAID and designed to reduce the neo-natal and maternal death rates in Uganda by 2021. In January, we entered into a formal partnership with USAID to implement the Uganda Voucher Plus scheme and quickly began preparations to erect a temporary maternity unit in the existing James Fee general ward until such time as a stand-alone ward could be constructed. The scheme allows expecting mothers to purchase a 'voucher' for 3,000 shillings (approx. \$1.10) from participating health facilities and in exchange, all maternity related expenses, including delivery, are reimbursed to the clinic by USAID. The program encourages pregnant women in the community to deliver in qualified health centres rather than give birth at home.

In February, the Voucher Plus program invited our midwife to participate in a 10-day, intensive training course where she was tested on her midwifery skills and knowledge. By May, construction of the temporary maternity unit was complete and two additional midwives were hired. Final construction of a placenta pit, septic tank and shock pit began in June'.

With the temporary maternity unit in place, we hope to start delivering babies in the coming months. It is also our intention to raise the required funding to construct additional staff accommodation and a stand-alone maternity ward in the next year.



THANK YOU FOR YOUR SUPPORT

PARTNERS

ACHON UGANDA CHILDREN'S FUND

As always, our special thanks goes to our sister organisation, AUCF, for their continued partnership in funding and operating the Kristina Health Centre. We are particularly grateful for the vision and commitment we share for the people of Uganda and know that as our partnership continues to develop, together, we will be able to reach and empower many more in need.

FORTNUM FOUNDATION

We continue to be so grateful for the ongoing partnership we have with this amazing Foundation. As one of our first supporters, we couldn't have achieved the level of success we have today without their support.

ASCENT FOUNDATION WA

Thank you to Ascent Foundation for their ongoing passion for our cause. It was such a pleasure hosting their team in Uganda earlier in the year and it's been a blessing developing deeper, personal relationships with them as a result. We're thankful for their practical support in not only partnering with us through the giving of their finances but also their time and resources to assist us in achieving our goals.

SYNGENTA

Thanks to our generous partner, Syngenta, every dollar raised during our end of financial year campaign in June was matched up to \$15,000, resulting in a total of more than \$30,000. As a result, 1,000 more women will receive a seed loan, enabling 1,000 more families to break the cycle of poverty.

THE HORSE

A big thank you goes to our creative friends at The Horse. This year, The Horse supported us by donating \$5 from every watch sold in the month of November directly to our Cents for Seeds program. In December, they also released a new design of Market Bag with every bag sold funding one seed loan.

ATHLETICS AUSTRALIA

We're so excited to have been chosen as one of three associated charity partners of Athletics Australia. With incredible synergy between our organisations, there is an abundance of opportunities ahead of us.

COMMONWEALTH BANK OF AUSTRALIA

We're grateful for the opportunity to have partnered with the Commonwealth Bank of Australia this year through participation in their Innovation Lab and event sponsorship. We're looking forward to seeing what innovative ideas we can develop together to assist with our operations on the ground.

HOLDING REDLICH

We're grateful for our new partnership with Holding Redlich this year for providing us with high quality legal services and advice.

LEXICON

A big thank you to the amazing women at Lexicon Agency who have provided wisdom and guidance in relation to our communications strategy and content. We've loved working alongside your fun and vibrant team.

SHIRE ACCOUNTING

Thank you to our long-term partners, Shire Accounting, for their stellar accounting services year after year.

TRANS-TASMAN BUSINESS CIRCLE

It was a privilege working with such a passionate and determined group of individuals from the Trans-Tasman Business Circle. We really appreciate their efforts to bring greater awareness of our cause to corporate Australia.

UNITED NATIONS ASSOCIATION OF AUSTRALIA

Our thanks goes to the United Nations Association of Australia for collaborating with us on a unique fundraising initiative this year. We were proud of the quality of event produced and we look forward to further collaborating on events together in the future.

THRIVE COMMUNITY CHURCH

We're so grateful to our partner, Thrive Community Church, who encourage and support us year on year. We especially want to thank those individuals who have dedicated time and resources to our cause.

THE BIG TABLE

We value our strong and ongoing partnership with The Big Table in South Perth. The church continues to donate to our Cents for Seeds project and Child Sponsorship program and we are grateful for their constant encouragement and support.

THE WOLF PACK MRS

A huge thanks goes to our good friend and resident photographer, River Bennett. In March 2017, River voluntarily travelled to Uganda for the second time to capture the individuals touched by our projects in northern Uganda. In June, she graciously held an exhibition showcasing her work and donated all the proceeds of print sales towards construction of a stand-alone maternity ward at the Kristina Health Centre. We could not

be more appreciative of the way River has used her talent to further our cause.

RPS PROJECT SERVICES

We're grateful to our existing sponsors RPS Project for their commitment to the Cents for Seeds project. Thank you for believing in the women of Uganda.

BIANCA CASH

Our thanks goes to this talented woman, who again supported us this year through the sale of a custom-made diary. Bianca donated \$1 from every sale of the diary to our Cents for Seeds project.

MACQUARIE FOUNDATION

Thank you to the Macquarie Foundation for their contribution in matching staff donations made to our organisation.

FOHM

Thanks to the team at Fohm for continuing to provide us with an outstanding website.

THE GROWTH PROJECT

It was a privilege for us to be selected as one of the ten charity leaders to participate in this year's cohort of The Growth Project. Thank you for giving us this opportunity to grow.

THOROUGHREAD BAKERY

Thank you to Thoroughbread Bakery for providing us with delicious bread and treats for several of our fundraising events throughout the year including our Sutherland to Surf and City to Surf breakfasts.

OUR MONTHLY SPONSORS

We are so grateful to our faithful supporters who donate monthly towards our programs. You are all change-makers and we couldn't do the work without you!

OUR FUN RUNNERS

We are so thankful to all those who ran in the Sydney Morning Herald Half Marathon, the Sutherland to Surf or City to Surf for us this year. Our thanks also goes to all those who sponsored our incredible runners.

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. SPECIAL THANKS

As always, our special thanks go to our staff on the ground, without whom we would be lost!

JIMMY AND FLORENCE OKULLO

Jimmy is our Ugandan Project Manager who oversees all of our projects. He is bold but compassionate and serves with an abundantly willing heart.

Jimmy's wife, Florence, is a qualified agriculturalist and Project Coordinator of our Cents for Seeds program. She is softly spoken but wise well beyond her years.

Jimmy and Florence have three beautiful children of their own but also care for some of the orphans in our Child Sponsorship program. These two are a dream team and Love Mercy would not be the same without them!

JULIUS AND GRACE ACHON

Julius is our founder and Country Director in Uganda. He is responsible for the overall operations of the organisation on the ground and assists in fundraising activities in both Australia and the US. He is a man of integrity and vision and believes that no matter how tough it gets, you never give up. Julius lives in Kampala with his wife, Grace, and their two sons.

It is such an honour to be working alongside a man whose passion and love for his people is the motivation behind his work. We look forward to the future and the new achievements in store for the people of Otuke!



5.1 FINANCIAL SUMMARY

Benjamin Poppett – Treasurer of the Board

As expected, we experienced significant growth in revenue again this year, with a total of \$668,793 raised in the period from July 2016 to June 2017, an increase of more than \$168,000 (or 33%) on last financial year's total income. With a net surplus of \$68,369 and net assets totalling \$226,199, our organisation is again in great shape moving into the new financial year.

In my opinion, the Foundation's success this year is largely thanks to a combination of an increase in media exposure and the board's clear strategy around fundraising and partnerships. Firstly, with Eloise competing at the Rio Olympics and Julius releasing his first biography, both co-founders generated significant media attention in the early part of the year, using their personal profiles to increase public awareness of our cause. This provided the Foundation with opportunities to connect with new corporates and small to medium businesses and explore partnerships that centre around the shared values of both organisations.

On the fundraising front, our team worked hard hosting a series of events that were designed to either enhance public awareness or engage and give back to our community of supporters. In July, we held an intimate "Olympic Gold" dinner for 12 key individuals and business leaders with both our founders present the night before Eloise departed for Rio. In March, we partnered with the wonderful team at Trans-Tasman Business Circle to host a Sports Connect

boardroom briefing, moderated by Pat Farmer AM and attended by 50 influential business leaders from all across Sydney, including the Ugandan High Commissioner, The Honourable Enoch Nkuruho. In May, we collaborated with both the United Nations Association of Australia and Commonwealth Bank of Australia to put on a Health, Motivation and Resilience Masterclass and lastly, in June, River Bennett of The Wolfpack Mrs generously partnered with us by showcasing her images in a photography exhibition where all proceeds went directly to funding our projects.

Because of our focused fundraising efforts this year, we were again able to increase our expenditure on development programs by 31% from \$309,071 to \$403,939. This means that 10,417 women were given the opportunity to create their own livelihoods by participating in Cents for Seeds and much needed dental and maternity services are now available to a remote community in Otuke district.

Building on our core group of supporters as our foundation, and strengthening the new relationships our team has formed this year, Love Mercy Foundation is heading into the new financial year in a better position than ever before. I'm confident that over the next twelve months we will again see the Foundation exceed its financial targets enabling further expansion of our development programs to empower more communities to break the cycle of poverty. So with pride for all we have achieved this year and excitement for what is ahead, we eagerly move forward into 2018.

LOVE MERCY FOUNDATION LIMITED (ABN 71 142 069 645)

BALANCE SHEET - AS AT 30 JUNE 2017

ASSETS	2017	2016
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	236, 513	162, 390
TOTAL CURRENT ASSETS	236, 513	162, 390
NON-CURRENT ASSETS		
OTHER	-	332
TOTAL NON-CURRENT ASSETS	-	332
TOTAL ASSETS	236, 513	162, 722
LIABILITIES		
CURRENT LIABILITIES		
PAYABLES	10,314	2,649
CURRENT TAX LIABILITIES	-	-
PROVISIONS	-	2,243
TOTAL CURRENT LIABILITIES	10,314	4,892
TOTAL LIABILITIES	10,314	4,892
NET ASSETS	226,199	157,830
EQUITY		
ACCUMULATED FUNDS		
BALANCE AT BEGINNING OF THE YEAR	157,830	116,496
NET SURPLUS / (DEFICIT) FOR THE YEAR	68, 369	41,334
TOTAL ACCUMULATED' FUNDS	226,199	157,830

THE ABOVE, SUMMARISED FINANCIAL STATEMENTS IN RELATION TO LOVE MERCY FOUNDATION LTD HAVE BEEN PREPARED PRIMARILY TO MEET THE NEEDS OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012 AND THE REQUIREMENTS SET OUT IN THE ACFID CODE OF CONDUCT. FOR FURTHER INFORMATION ON THE CODE PLEASE REFER TO THE ACFID WEBSITE WWW.ACFID.ASN.AU.
FULL FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

INTERNATIONAL AID AND DEVELOPMENT INCOME STATEMENT 2016 CONSOLIDATED END OF YEAR RESULTS

REVENUE	2017	2016
DONATION AND GIFT	664,026	498,503
MONETARY	—	—
NON - MONETARY	—	—
BEQUESTS AND LEGACIES		
GRANTS	—	—
DEPARTMENT OF FOREIGN AFFAIRS AND TRADE	—	—
OTHER AUSTRALIAN	—	—
OTHER OVERSEAS	—	—
INVESTMENT INCOME	4,767	1,871
OTHER INCOME	—	—
REVENUE FOR INTERNATIONAL POLITICAL OR RELIGIOUS ADHERENCE PROMOTION PROGRAMS	668,793	500,374
TOTAL REVENUE		
EXPENDITURE		
INTERNATIONAL AID AND DEVELOPMENT PROGRAMS EXPENDITURE		
INTERNATIONAL PROGRAMS	403,939	309,071
FUNDS TO INTERNATIONAL PROGRAMS	310,933	214,042
PROGRAM SUPPORT COSTS	94,006	95,029
	—	—
COMMUNITY EDUCATION		
FUNDRAISING COSTS		
PUBLIC	26,580	40,412
GOVERNMENT, MULTILATERAL AND PRIVATE	—	—
	169,905	109,557
ACCOUNTABILITY & ADMINISTRATION		

NON-MONETARY EXPENDITURE	—	—
TOTAL INTERNATIONAL AID AND DEVELOPMENT PROGRAMS EXPENDITURE	—	—
INTERNATIONAL POLITICAL OR RELIGIOUS ADHERENCE PROMOTION PROGRAMS EXPENDITURE	—	—
DOMESTIC PROGRAMS EXPENDITURE	—	—
TOTAL EXPENDITURE	600,424	459,040
EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE	68,369	41,334

1. IN 2016/2017, TOTAL INCOME WAS SPLIT ACROSS TWO ENTITIES - LOVE MERCY FOUNDATION LTD AND LOVE MERCY FOUNDATION OVERSEAS AID FUND.
2. TRAVEL EXPENSES DIRECTLY RELATING TO OPERATIONS ON THE GROUND HAVE BEEN INCLUDED IN PROGRAM SUPPORT COSTS.
3. WAGES FOR AUSTRALIAN STAFF HAVE BEEN CALCULATED AS FOLLOWS:
 - BETWEEN JULY 2016-DECEMBER 2016, CHIEF EXECUTIVE OFFICER (90% ADMINISTRATION AND 10% PROJECT SUPPORT).
 - BETWEEN JULY 2016-DECEMBER 2016, PROJECT MANAGER (80% PROJECT SUPPORT AND 20% ADMINISTRATION).
 - BETWEEN NOVEMBER 2016-JUNE 2017, FUNDRAISING & COMMUNICATIONS MANAGER (100% ADMINISTRATION).
 - BETWEEN JANUARY 2017-JUNE 2017, CHIEF EXECUTIVE OFFICER (80% ADMINISTRATION AND 20% PROJECT SUPPORT).
 - BETWEEN JANUARY 2017-JUNE 2017, PROJECT MANAGER (100% PROJECT SUPPORT).
 - BETWEEN FEBRUARY 2017-JUNE 2017, PROJECT COORDINATOR (100% PROJECT SUPPORT).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	2017	2016
RECEIPTS FROM DONATIONS AND FUNDRAISING	664,026	498,504
RECEIPTS FROM SALES	3,713	534
PAYMENTS TO OVERSEAS AID, OTHER SUPPLIERS AND EMPLOYEES	(594,720)	(455,102)
INTEREST, EQUITY AND OTHER INCOME	1,054	1,337
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	74,073	45,273
INCREASE IN OTHER NON-CURRENT ASSETS	50	43
NET INCREASE (DECREASE) IN CASH HELD	74,123	45,230
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	162,390	117,160
CASH AT THE END OF THE FINANCIAL YEAR	236,513	162,390

CASH AT THE END OF THE FINANCIAL YEAR AS SHOWN IN THE STATEMENT OF CASH FLOWS IS RECONCILED TO THE RELATED ITEMS IN THE BALANCE SHEET AS FOLLOWS:

CASH AT BANK AND ON HAND	236,513	162,390
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RECONCILIATION OF NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES TO OPERATING (LOSS)

NET SURPLUS/(DEFICIT)	68,369	41,336
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NON-CASH ITEMS

DEPRECIATION AND AMORTISATION	282	400
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CHANGES IN ASSETS AND LIABILITIES:

INCREASE/(DECREASE) IN PAYABLES INCREASE/	7,665	2,730
(DECREASE) IN PROVISIONS	(2,243)	807

NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	74,073	45,273
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TABLE OF CASH FLOW MOVEMENT

APPEAL / DESIGNATED PURPOSE	CASH AVAIL JULY 16	INCOME RAISED	EXPENSE	CASH AVAIL JULY 17
CENTS FOR SEEDS	173,837	318,814	-221,754	270,897
MEDICAL CLINIC	130,637	22,180	-21,348	131,469
CHILD SPONSORSHIP	-11,179	15,607	-35,532	-31,104
CHRISTMAS (NON-DEVELOPMENT)	76	-	-	76
NON-DESIGNATED PURPOSE	-135,541	312,192	-321,790	-145,139
TOTAL	157,830	668,793	-600,424	226,199

CASH AVAILABLE JULY '16 FIGURE BALANCES TO COMBINED NET ASSET FIGURE.
CASH AVAILABLE JULY '17 BALANCES TO COMBINED NET ASSET FIGURE.

THE ABOVE CONSOLIDATED INCOME STATEMENT AND TABLE OF CASH FLOW MOVEMENT FORM PART OF THE AUDITED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017.



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

INDEPENDENT AUDIT REPORT

To: The Members of Love Mercy Foundation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the special purpose financial report of Love Mercy Foundation Limited, which comprises the Balance Sheet as at 30 June 2017 (including changes in equity), and the Income Statement, Statement of Income and Comprehensive Income, and the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

In our opinion,

(1) the financial report of Love Mercy Foundation Limited has been prepared in accordance with 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 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent required for special purpose financial reports, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

(2) The financial reports and associated records have been properly kept in accordance with the Charitable Fundraising Act and its regulations.

(3) Monies received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the Charitable Fundraising Act and its regulations.

Basis for opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that

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are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the responsible entities' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of Those Charged with Governance 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 and have determined that the basis of preparation of the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

The audit objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.


We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the audit opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's

report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



Shedden & Green Partners
Lawrence R Green FCA – Partner

3 November 2017



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