SDN Children's Services and Controlled Entities

Financial Statements

30 June 2016

ABN: 23 000 014 335

Contents

Corporate Directory

Directors

Darren Mitchell	Chair
Cynthia à Beckett	Director
Kirsty Albert	Director
Alexandra (Frier) Bentley	Director
Theresa Collignon	Director
Angela Donohoe	Director
Glenn Hughes	Director
Rosalie Wilkie	Director
Barbara Wise	Director

Company Secretary

Virginia (Ginie) Udy

Registered Office and Principal Place of Business

Level 2

86-90 Bay Street

Broadway NSW 2007

Auditor

BDO East Coast Partnership

Level 11,

1 Margaret Street

Sydney NSW 2000

Website address

www.sdn.org.au

Directors' report
30 June 2016

Your Directors present their report for SDN Children's Services and its controlled entities (the 'group') for the year ended 30 June 2016.

Directors

The names of the Directors who have been a director during the year and to the date of this report are:

Darren Mitchell (Chair)

Cynthia à Beckett

Kirsty Albert

Alexandra (Frier) Bentley

Natalie Berney (resigned 24 August 2016)

Theresa Collignon

Angela Donohoe

Anthony Gall (resigned 31 March 2016)

Glenn Hughes

Rosalie Wilkie

Barbara Wise

Company secretary

Virginia (Ginie) Udy held the position of company secretary throughout the financial year.

Principal activities and review of operations

SDN's principal activities include:

- high quality, inclusive early childhood education and child care
- disability services
- family support services
- children's services practitioner support

These activities have not changed during the year.

Short and long term objectives of the group

SDN Children's Services' long term vision is to work towards a better, more equitable world where:

- The promise and potential of every child is realised
- Families and communities are strong and caring
- Children's services are valued and well resourced

Directors' report
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To achieve this vision our mission we will:

- Provide high quality, inclusive early childhood education and child care from birth
- Strengthen families and communities
- Address inequalities faced by children.

To achieve this mission, SDN's Strategic Plan for 2016-18 outlines SDN strategic outcomes as per below:

High Level Outcome

- Children who face challenges have a place in services we provide, support and advocate for; and the wellbeing of all children is enhanced.

Outcomes for families

Families:

- recognise what SDN stands for, understand what SDN offers and choose SDN as their preferred provider.
- are able to access SDN through multiple pathways and have an excellent SDN Pathways experience including opportunities to access scholarships and other programs to bridge fee gaps when experiencing financial hardship.
- are clear about how their child's wellbeing has been enhanced at SDN, and how their child is developing and learning; and are delighted with their child's experience of our services.
- have opportunities to engage in discussion about organisational, political, legislative or social policy issues and decisions that may affect them.

Outcomes for staff

Staff:

- provide an excellent experience for those who access our services aligned with the SDN Pathways Approach, using team approaches in an integrated way.
- have the skills, resources, leadership and systems they need to work flexibly, efficiently and safely.
- are aligned, engaged and accountable and have opportunities for career progression.
- have opportunities to engage in discussion about organisational, political, legislative, or social policy issues and decisions that may affect them.

Directors' report
30 June 2016

Outcomes for the organisation

SDN:

- responds to prospective and current customer expectations and needs and communicates clearly and responsively.
- recruits and retains skilled staff, managing staff costs responsibly and providing the infrastructure required to support service provision and staff wellbeing.
- is well regarded and supported by a range of donors: individuals, foundations and companies.
- manages growth responsibly using well developed business models.
- is well informed about the political, legislative and public policy context and advocates for the wellbeing of children, families, staff and the sustainability of the organisation within this context.

We also believe that our vision, mission and outcomes will only be realised if all our activity reflects our organisational philosophy and values:

- trustworthy and reliable
- inclusive and caring
- creative and innovative.

Performance measurements

SDN measures the quality of our services and our work through agreed Key Performance Indicators we have detailed below.

Directors' report
30 June 2016

1. The extent of the benefit we provide to others is measured through:

The number of children, families and other children's services providers who benefit from what we provide.

We helped 7,235 children (a 6.6% decrease on last year):

- 3,305 children received high-quality education and care in our 25 centres
- 2,778 children who face challenges and barriers were supported to enrol in mainstream services
- 878 children with disabilities or development delays were directly assisted through our programs
- 274 children were assisted through supported playgroups we run

We also helped:

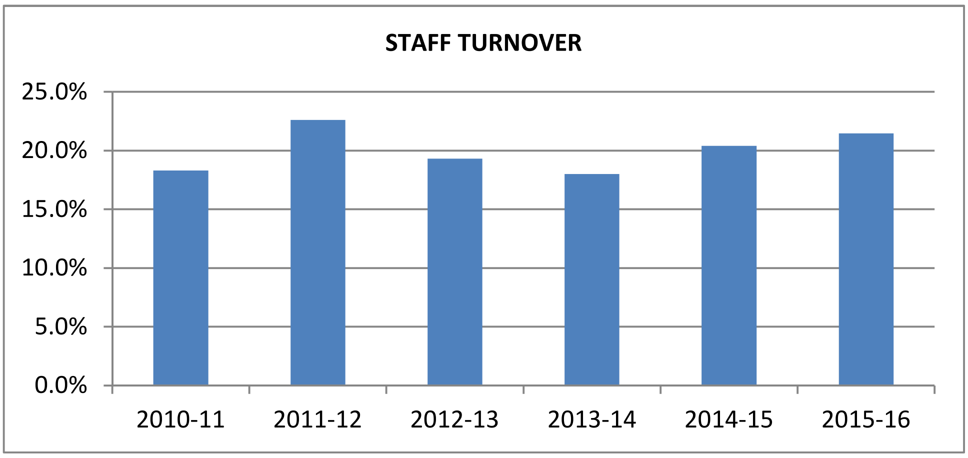
- 1,445 families facing challenges who were strengthened through our programs (no change from last year)
- 2,250 individual children's services providers received advice, resources and support (a 16.6% decrease on last year):

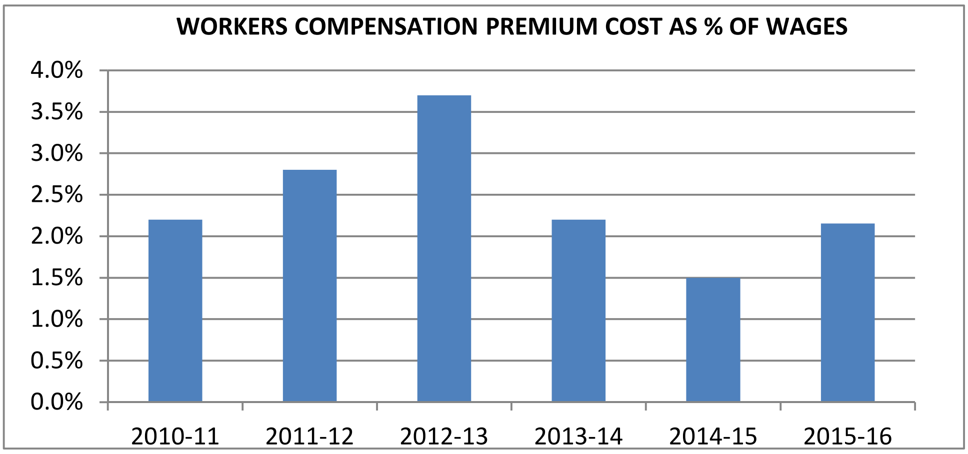
The main reason for the decline in services supported is that the 2015-16 year was the first full year we operated without our Supporting Children with Additional Needs program which had concluded mid-way through the previous year. Additionally in that year (2014-15), SDN contracted additional short-term resources in our Inclusion Support Agencies that increased our engagement with services that typically do not request support directly. This strategy was very successful, resulting in a one-off increase of 26% on the number of services supported in 2014-15 as compared with previously. We were not able to use these additional resources during 2015-16, so the number of services supported has returned to the same level as in 2013-14.

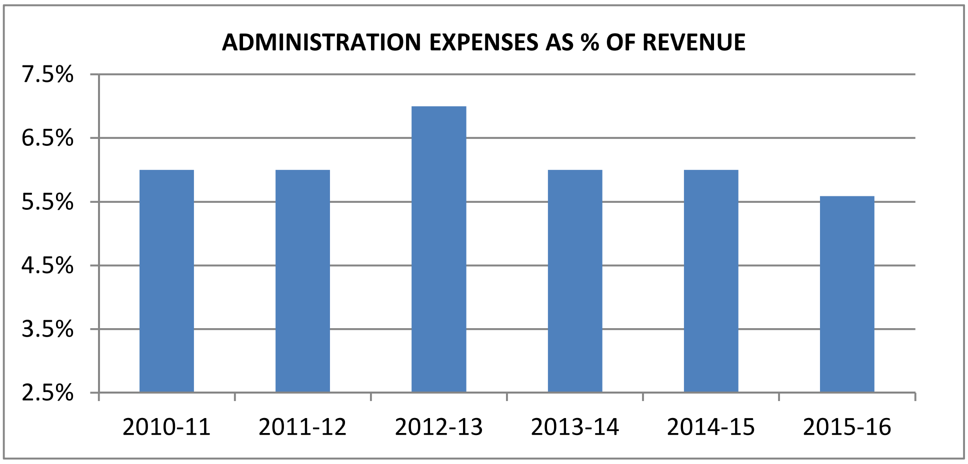
Utilisation of our centres as a proportion of licence was 87% (2015: 90%; 2014: 93%; 2013: 91%; 2012: 90%). The main factor influencing the change in utilisation year on year has been the regulatory changes in educator to child ratio in our centres as mandated by the National Quality Framework (NQF). This change meant that in some cases we had to reduce group sizes. In May SDN Gumnut was forced to close for 6 weeks negatively impacting utilisation. We are modelling optimal group sizes for each of our centres for future budgeting purposes.

Directors' report
30 June 2016

2. Organisational efficiency in providing these benefits is measured by tracking:







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30 June 2016

3. We also measure our quality and effectiveness through external endorsements:

The National Quality Framework for Early Childhood Education and Care (NQF) came into force in January 2012. From August 2012, the first SDN children's education and care centres began to be assessed under the NQF. Up until 30 June 2016, 20 of our 24 centres have been assessed and rated.

During the 2015-16 year, three centres were assessed (SDN Bateman's Bay Preschool, SDN Lady McKell in Goulburn, and SDN Milperra), with all three achieving a rating of Exceeding the National Quality Standard. Of the 20 centres, 15 have received an overall rating of Exceeding the National Quality Standard. Three centres have received a rating of 'Meeting', and a further two have been rated as 'Working Towards the Standard,' a rating we are aiming to bring up to 'Meeting' the next time they are assessed.

This means 90% of our assessed centres have achieved Meeting the Standard or better. The Board has set a KPI of 100% of centres to be rated at least the 'Meeting' the National Standard. While we have not yet met our own KPI, the results so far compare extremely favourably against all NSW centres. According to the Australian Children's Education and Care Quality Authority (ACECQA), by August 2016 only 63% of centres assessed in NSW had achieved a 'Meeting' or better rating, and of these 24% had been assessed as 'Exceeding' the National Quality Standard.

Financial Highlights

SDN Group reported a net surplus for the financial year of $855,915, which represents 1.6% of revenue, an increase of $349,611 from $506,304 in 2014-15. The consolidated surplus includes SDN Child and Family Services Pty Limited, which reported a deficit of approximately $141,127 (a decrease of $397,411 from $538,538 deficit in the prior year) after further investments in the roll out of our Disability Service program in the ACT and Nepean Blue Mountains Districts.

Revenue

Total group revenue was $53,649,415, an increase of 7% or $3,563,018 compared with the previous year's revenue of $50,086,397. The overall increase in revenue was mainly due to increase in child care fees and government funding. Despite a reduction in utilisation, revenue from child care fees increased to $31,851,017, an increase of 7% or $2,082,606 compared with $29,768,411 in 2014-15. Child care revenue continues to represent 59% of SDN's total revenue.

Disability services NDIS generated revenue increased to $695,955 from $68,817 in 2014-15. SDN has continued to develop its disability services in line with the roll out of the National Disability Insurance Scheme (NDIS) through the Nepean Blue Mountains Region. Grant funding from Ageing Disability and Home Care (ADHC) for the Early Childhood Links (ECL) program is being phased out of this region in line with the roll out. In 2015-16 We have continued to provide disability services to children in both the ACT and the Nepean Blue Mountains regions under the NDIS model.

Income from government-funded programs and grants made up 38% of group revenue at $20,647,698, an increase of 5% or $913,649 compared with $19,734,049 in 2014-15. Government funds are for the delivery of specific programs and projects, and are the result of successful tenders, grant applications, and direct allocations. The largest contributor to grant funding increase was a $1,104,781 increase in ECL funding from ADHC.

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Financial Highlights (continued)

The contracts we hold for the programs we deliver have a range of completion dates. The funding from the NSW Government for our ECL program was maintained in the Sydney South, Sydney North, Cumberland and Liverpool regions, however except for the Sydney South region this will be phased out during 2016-17 in line with the roll out of the NDIS in those areas. SDN also received a grant of $55,000 from the NDIS Early Childhood Early Intervention (ECEI) program to transition families in the Lithgow area to NDIS providers where they had been granted a NDIS package or to support families outside of the scope of the NDIS. This funding will be continued in 2016-17.

Our funding from the Federal Department of Education and Training for Inclusion Support Agencies (ISA) expired in June 2016. This funding supported children with ongoing high needs to be enrolled in eligible child care and early learning settings by providing support to the staff of these services. Whilst the loss of the ISA is disappointing it has allowed efforts to be further directed towards the development of disability services provided directly to children and families.

We continued to seek fundraising and philanthropic grants and donations from a variety of sources throughout the year. Grants and donations received in 2015-16 totaled $141,593 a 7% increase on 2014-15's $132,347 (refer to Note 24).

A valued aspect of our education and care centres is fundraising by families. Many of our children's education and care centres benefit from the additional equipment purchased for centres from fundraising activities of families. Net fundraising was $24,537 by families, representing a ratio of total cost to gross proceeds of fundraising of 28.64%.

Expenditure

SDN group expenditure was $52,793,500 a $3,213,407 (6%) increase from $49,580,093 in 2014-15.

The major component of SDN's expenditure is the cost of employment; in 2015-16 this was $42,606,793. This represents 81% of total expenditure (slightly up from 80% in 2014-15), the main drivers of this increase is the changed educator to child ratio mandated by the National Quality Framework (NQF) and increased workers compensation premiums due to NSW government changes in premium calculations.

Administration overheads remained at 6% of total expenditure and dropped to 5.5% of revenue.

Capital

SDN invested $639,998 in its Client Relationship Management (CRM) systems during the year, bringing the total investment to $798,398. The CRM software is used in our children's education and care centres and by our Disability Services and Brighter Futures Programs and will become the single data source for all SDN services. Creating a single data source allows us to keep visible, accurate and accessible data to enable well informed decision making and planning. Our capital works program continued to ensure our owned and managed centres and offices were continually upgraded during the year. Expenditure on capital improvements during the year totalled $1,009,838.

Cash flow

SDN generated total cash receipts of $56,163,993, up from $52,704,675, with cash holdings of $12,869,083, down by $1,435,886 from $14,304,969 as at 30 June 2015. This is due to the development of the CRM, upgrades of the property portfolio and investments in operating in the new NDIS environment.

Directors' report
30 June 2016

SDN Board Directors

The Directors in office during or at the end of the financial year are:

Director's name	Role	Director since	Qualifications and additional information
Darren Mitchell	President and Chair President November 2014 – current Vice President 2010 – 2014 President 2005-2008 Chair of Strategic Planning (disbanded 7 December 2015); Executive (from 7 December 2015) and Remuneration Committees; Member of Risk & Compliance (until 7 December 2015); and Finance Committees Chair of SDN Child and Family Services Board (6 April 2016 – current)	November 1996	Bachelor of Economics (USYD), Master of Economics (USYD)
Rosalie Wilkie	Vice President and Honorary Treasurer Vice President November 2015 - current Honorary Treasurer November 2013 – current Chair of Finance Committee (from November 2013); Member of Remuneration and Executive Committees (from November 2015)	November 2012	Bachelor of Commerce (UoN), Fellow of Institute of Chartered Accountants Australia
Angela Donohoe	Vice President Vice President from November 2015 - current Member of Executive (from November 2015); Remuneration (from November 2015), Risk & Compliance (until 7 December 2015); and Governance Committees	June 2014	Bachelor of Commerce (Accounting, Finance and Systems) (ANU), Certified Practicing Accountant (CPA), Member of the Australian Institute of Company Directors (MAICD), Fellow of Financial Services Institute of Australasia (FINSIA)
Anthony Gall	Vice President June 2014 – November 2015 Honorary Treasurer 2007 – November 2013 Member of Finance (Chair until November 2013); Strategic Planning (disbanded 7 December 2015); Remuneration; and Governance Committees	May 2006 Resigned 31 March 2016	Chartered Accountant, Fellow of Institute of Chartered Accountants Australia

Directors' report 30 June 2016

Director's name	Role	Director since	Qualifications and additional information
Theresa Collignon	Vice President November 2014 – November 2015 President November 2012 – 2014 Vice President 2012 Member of Remuneration; Strategic Planning; and Governance Committees until 7 December 2015	December 2008	Bachelor of Commerce (Marketing) (UNSW), Master of Business Administration (AGSM), Diploma of Financial Markets (SIA), Graduate of Australian Institute of Company Directors
Kirsty Albert	Member of Governance (Chair until 7 December 2015); and Risk and Compliance Committees	February 2010	Bachelor of Arts (Hons) (USYD), Bachelor of Laws (USYD), Graduate of Australian Institute of Company Directors
Cynthia à Beckett	Chair of Research Ethics Committee (from 4 August 2014); and Member of Finance Committee (until 7 December 2015); Risk and Compliance Committee (from 7 December 2015)	August 2013	Diploma Kindergarten Teachers College (Melbourne Kindergarten Teachers College); Bachelor of Arts (Hons - Sociology) – University of QLD; Graduate Diploma Educational Studies (Institute of Early Childhood Studies - Victoria); Doctorate of Philosophy (PhD) – School of Sociology UNSW
Alexandra (Frier) Bentley	Chair of Risk & Compliance Committee; and Member of Finance Committee	February 2014	Bachelor of Arts (Communication) (CSU); Sydney Leadership Program
Glenn Hughes	Chair of Governance Committee (Chair from 7 December 2015); and Member of Finance Committee	August 2014	Bachelor of Commerce (Accounting/Finance) (UNSW), Bachelor of Law (UNSW), Masters of Law and Management (Australian Graduate School of Management)
Natalie Berney	Member of Strategic Planning (until 7 December 2015); Risk & Compliance and Governance (from 7 December 2015) Committees	October 2014 Resigned 24 August 2016	Bachelor of Arts (Sociology) (UNSW), Master of Business (HRM (CSU), Master of Public Health (USYD), Graduate of Australian Institute of Company Directors (GAICD)
Barbara Wise	Member of Finance Committee (from 7 December 2015)	December 2014	Bachelor of Arts (Hons), Master of International Studies (USYD)

Directors' report
30 June 2016

Directors' attendance at SDN Board Meetings

Name	A	B
Darren Mitchell (President from Nov 2014)	8	8
Rosalie Wilkie (Honorary Treasurer from Nov 2013 and Vice President from Nov 2015)	7	8
Angela Donohoe (Vice President from Nov 2015)	6	8
Anthony Gall* (Vice President from Jun 2014 until Nov 2015)	6	6
Theresa Collignon (Vice President from Nov 2014 until Nov 2015)	8	8
Kirsty Albert	6	8
Cynthia à Beckett	7	8
Alexandra (Frier) Bentley	6	8
Glenn Hughes	8	8
Natalie Berney**	6	8
Barbara Wise	7	8

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

*A Gall resigned 31 March 2016
**N Berney resigned 24 August 2016

Committee Members' attendance at Finance Committee Meetings

Name	A	B
Rosalie Wilkie (Chair)	11	11
Darren Mitchell	10	11
Anthony Gall (until 31 March 2016)	6	7
Cynthia à Beckett (until 7 December 2015)	5	5
Alexandra (Frier) Bentley	10	11
Glenn Hughes	8	11
Barbara Wise (from 7 December 2015)	4	6

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

Committee Members' attendance at Risk and Compliance Committee Meetings

Name	A	B
Alexandra (Frier) Bentley (Chair)	4	4
Kirsty Albert	2	4
Natalie Berney	4	4
Angela Donohoe	3	4
Darren Mitchell (until 7 December 2015)	1	2
Cynthia à Beckett (from 7 December 2015)	2	2

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

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Committee Members' attendance at Governance Committee Meetings

Name	A	B
Kirsty Albert (Chair until 7 December 2015)	5	5
Theresa Collignon (until 7 December 2015)	2	2
Anthony Gall (until 31 March 2016)	4	4
Angela Donohoe	5	5
Glenn Hughes (Chair from 7 December 2015)	5	5
Natalie Berney (from 7 December 2015)	2	3

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

Committee Members' attendance at Executive Committee Meetings (formed 7 December 2015)

Name	A	B
Darren Mitchell (Chair)	2	2
Rosalie Wilkie	2	2
Angela Donohoe	2	2
Ginie Udy	1	2

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

Committee Members' attendance at Research Ethics Committee Meetings

Name	A	B
Cynthia á Beckett (Chair from Nov 2014)	3	3
Ginie Udy	3	3
Johanna Watson	2	3
Van Le	3	3

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

Committee Members' attendance at Remuneration Committee Meetings

Name	A	B
Darren Mitchell (Chair from Nov 2014)	1	1
Theresa Collignon (until 7 December 2015)	1	1
Anthony Gall (until 31 March 2016)	1	1
Rosalie Wilkie (from 7 December 2015)	0	0
Angela Donohoe (from 7 December 2015)	0	0

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

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Committee Members' attendance at Strategic Planning Committee Meetings

Name	A	B
Darren Mitchell (Chair from Nov 2014)	0	0
Theresa Collignon	0	0
Anthony Gall	0	0

A = number of meetings attended.
B = number of meetings held during the time the director held office during the year.

*Strategic Planning Committee disbanded on 7 December 2015, no meetings to note.

Membership

SDN is a company limited by Guarantee. Contributions payable per member in the event of winding up are:

Class of membership	
Member	$10.00
Life Member	$10.00

Significant changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company.

Future developments

The company notes that much of the remaining Ageing, Disability and Home Care (ADHC) funded disability services for children will be transitioning to the National Disability Insurance Scheme (NDIS) during 2016-17. This will mean a reduction in the block funding from the NSW government and a move to a market based revenue stream via the NDIS.

In May 2015 a childcare reform package was announced by the Australian government that pledged more money for many families from 2017. In the 2016-17 Federal Budget it was announced that the 'Jobs for Families' package, if passed by the Senate won't commence until July 2018.

Events subsequent to the balance date

Since the end of the financial year no matter has arisen that has, or may have, a significant effect on the operations of the company, or the results of those operations or the state of affairs of the company in the financial years subsequent to the financial year ended 30 June 2016.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under law of the Commonwealth or of a State or Territory. The Directors are aware of general environmental considerations and believe the company complies with community standards.

Directors' report 30 June 2016

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and is on page 15.

Signed in accordance with a Resolution of the Board of Directors:

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Rosalie Wilkie

Director

Dated: 6 October 2016

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF SDN CHILDREN'S SERVICES AND CONTROLLED ENTITIES

As lead auditor of SDN Children's Services for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian professional ethical pronouncements in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SDN Children's Services and the entities it controlled during the year.

Paul Bull
Partner

BDO East Coast Partnership

Sydney, 6 October 2016

Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue	2	53,649,415	50,086,397
Employee benefits expenses		(42,606,793)	(39,445,303)
Occupancy expenses		(3,357,952)	(3,136,377)
Administration expenses		(2,997,932)	(3,160,545)
Service delivery expenses		(3,010,464)	(3,222,502)
Depreciation expenses		(820,359)	(573,437)
Loss on write off of property, plant & equipment		-	(41,929)
Surplus before income tax expense		855,915	506,304
Income tax expense	1b	-	-
Surplus for the year		855,915	506,304
Other comprehensive income, net of tax	13	-	-
Total comprehensive income for the year		855,915	506,304

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2016

	Notes	2016 $	2015 $
Current assets			
Cash and cash equivalents	6	12,869,083	14,304,969
Trade and other receivables	7	391,741	383,218
Assets held to maturity	8	63,366	61,877
Other current assets	9	184,775	223,484
Total current assets		13,508,965	14,973,548
Non-current assets			
Property, plant and equipment	10	31,978,312	30,827,578
Total non-current assets		31,978,312	30,827,578
Total assets		**45,487,277**	**45,801,126**
Current liabilities			
Trade and other payables	11	7,607,057	8,583,095
Provisions	12	4,456,474	4,909,506
Total current liabilities		12,063,531	13,492,601
Non-current liabilities			
Trade and other payables	11	1,863,762	1,863,762
Provisions	12	1,698,542	1,414,223
Total non-current liabilities		3,562,304	3,277,985
Total liabilities		**15,625,835**	**16,770,586**
Net assets		**29,861,442**	**29,030,540**
Equity			
Reserves	13	19,406,642	19,431,655
Retained earnings	13	10,454,800	9,598,885
Total equity		**29,861,442**	**29,030,540**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2016

		Retained earnings $	Asset revaluation reserve $	Fundraising reserve $	Total $
Balance at 1 July 2014		9,092,581	19,305,753	189,467	28,587,801
Surplus for the year		506,304	-	-	506,304
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		506,304	-	-	506,304
Transfers to and from reserves					
- fundraising reserve	13	-	-	(63,565)	(63,565)
Balance at 30 June 2015		9,598,885	19,305,753	125,902	29,030,540
Surplus for the year		855,915	-	-	855,915
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		855,915	-	-	855,915
Transfers to and from reserves					
- fundraising reserve	13	-	-	(25,013)	(25,013)
Balance at 30 June 2016	13	10,454,800	19,305,753	100,889	29,861,442

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		33,774,147	31,903,358
Receipts from government		22,172,136	20,491,881
Interest received		217,710	309,436
Payments to suppliers and employees		(55,627,297)	(51,708,061)
Net cash provided by operating activities	17	**536,696**	**996,614**
Cash flows from investing activities			
Payments for assets held to maturity		(1,489)	(1,823)
Purchase of property, plant and equipment		(1,971,093)	(1,598,069)
Net cash used in investing activities		**(1,972,582)**	**(1,599,892)**
Cash flows from financing activities			
Repayment of borrowings		-	(54,045)
Net cash used in financing activities		**-**	**(54,045)**
Net (decrease)/increase in cash held		(1,435,886)	(657,323)
Cash and cash equivalents at beginning of financial year		14,304,969	14,962,292
Cash and cash equivalents at end of financial year	6	**12,869,083**	**14,304,969**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies

These financial statements are consolidated financial statements and comprise SDN Children's Services and the entities it controlled during the year (the 'Group'). SDN Children's Services is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia. The amount of capital which is capable of being called up in the event of and only for the purpose of a winding up of the entity is not to exceed $10 per member by virtue of SDN's Constitution.

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, the Charitable Fundraising Act 1991 and associated regulations and the Australian Charities & Not-for-Profit Commission Act 2012.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets. The group is a not-for-profit organisation. As such the term "profit" is not applicable and the term "surplus" is used where required. The financial statements are presented in Australian Dollars.

New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.
Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(a) Principles of consolidation

The consolidated financial statements incorporate the results of entities controlled by SDN Children's Services during the reporting period and the assets and liabilities of entities controlled at the end of the reporting period. A controlled entity is any entity over which SDN Children's Services has the power to govern the financial and operating policies so as to derive benefits from its activities.

There are two controlled entities, being SDN Children's Services Building Fund and SDN Child & Family Services Pty Limited. Refer to Note 14 for further information on these entities. All inter-group balances and transactions, including any unrealised surpluses or deficits, have been eliminated on consolidation.

(b) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(c) Leases

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on a cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

Land and buildings
Freehold land and buildings are initially recorded at cost on acquisition and subsequently shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of all freehold land and associated buildings is generally performed every 3 years.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to a revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other impairments are charged to the statement of profit or loss & other comprehensive income.

Leasehold improvements are measured at cost less depreciation and impairment losses.

Software

Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Costs directly attributable to the development of computer software are capitalised as an asset only when technical feasibility of the project is demonstrated, the organisation has an intention and ability to complete and use the software and the costs can be measured reliably.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Software (continued)
Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over three years.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated over their useful lives to the group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2% straight line
Playground	10% straight line
Plant and equipment	10% - 33% straight line
Software	33% straight line

Purchases of plant and equipment using grant funds are not the property of the company and therefore are expensed to profit or loss in line with the terms and conditions of the funding agreement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss & other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(f) Employee benefits (continued)

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The liability for contract termination is recognised as a current or non-current liability. The liability is measured at the amount expected to be paid when the liability is settled and is based on employees' services up to the reporting date. The liability represents the termination payments to be paid at the anticipated completion of their employment. The liability is raised where it is unlikely that the employee's services will be extended, for such a period of time that an outflow of economic benefits is considered remote.

(g) Superannuation

The group contributes to a number of superannuation funds which exist to provide benefits to employees and their dependants on retirement, disability or death. The group's commitment in respect of the superannuation funds (which are all accumulation funds) is limited to making the specified contributions. The group's contributions to the superannuation funds are expensed in the statement of profit or loss & other comprehensive income as incurred.

(h) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date taking into account the risks and uncertainties surrounding the obligation.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Assets held to maturity

Term deposits are stated at face value.

(k) Intercompany loans

Where the loan is between a parent and subsidiary the interest income/discount is initially recognised as an increase in investments in the parent and an equity contribution in the subsidiary. Loans between the parent and the subsidiary are excluded on consolidation.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(l) Revenue recognition

Revenue from rendering of childcare and disability services is recognised upon delivery of the service. Revenue from child care benefit is recognised in the period to which the benefit relates.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Grant revenue is recognised in the statement of profit or loss & other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations are recognised as revenue when received unless relating to a specific purpose, and interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(m)Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through surplus or deficit' in which case transaction costs are expensed to surplus or deficit immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in surplus or deficit.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(m)Financial instruments (continued)

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are subsequently measured at amortised cost and included in non-current assets.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In determining the fair value, various assumptions are made where these are subject to change, the fair value would change.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in surplus or deficit.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Funds held on behalf of funding bodies

Funds for operational projects undertaken by the group on behalf of funding bodies are recognised on the statement of financial position as unearned income. As the project commences and costs are incurred the unearned income recognised is reduced. The group also receives management and administration fees for administering the projects which are recognised in the statement of profit or loss & other comprehensive income. Where the funds received relate to capital projects, funds are only recognised as revenue when the entity obtains control of the contribution and has no obligation to repay the funds.

Until control is obtained the amounts are held as unearned revenue.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(p) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(r) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Impairment

The majority of non-current assets comprise land and buildings. The freehold land and buildings were independently valued at 30 June 2014 by Assetval Pty Ltd and the valuation was based on fair value. In determining fair value, various assumptions are made. Where these assumptions are subject to change, the resulting fair value would change. (See Note 20 for more information on valuation assumptions). The directors have performed an assessment of market conditions in the current financial year and have concluded that the carrying value continues to approximate fair value.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(r) Critical accounting estimates and judgments (continued)

Provision for Long Service Leave

As discussed in Note 1(f), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for termination liabilities

The group recognises termination benefits for employees employed to work for specific grant funded programs where ongoing employment is dependent on renewal of the funding program. The provision is measured at the present value of the amounts expected to be paid on termination of the program and assumes program funding is not renewed in perpetuity.

(s) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2016. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group's activities, are set out below.

AASB 15: Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. This standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

At this stage, the group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Statement of significant accounting policies (continued)

(s) New accounting standards for application in future periods (continued)

AASB 9 Financial Instruments and its consequential amendments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

AASB 16 Leases

Applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The standard, which is mandatory for the annual reporting period beginning on or after 1 January 2016, sets out amendments that only affects the presentation of, and disclosures contained within, the financial statements.

The financial statements were authorised for issue by the Directors of SDN Children's Services on 6 October 2016.

Notes to the financial statements for the year ended 30 June 2016

Note 2. Revenue

	2016 $	2015 $
Rendering of services – parent fees and child care benefit	31,851,017	29,768,411
Rendering of services – disability services	695,955	68,817
Interest received	217,710	309,436
Grants and subsidies – Commonwealth government	5,058,726	6,087,163
Grants and subsidies – NSW state government	15,588,972	13,646,886
Donations and bequests*	7,480	63,609
Other revenue	229,555	142,075
Total revenue	53,649,415	50,086,397

*See also note 24

Note 3. Surplus before income tax

	2016 $	2015 $
Expenses		
Bad and doubtful debts		
- trade receivables written off	39,157	12,009
Rental expense		
- minimum lease payments	1,210,832	1,035,461
Superannuation expense	3,352,252	3,066,575
Depreciation	820,359	573,437

Note 4. Auditor's remuneration

	2016 $	2015 $
Remuneration of the auditor of the consolidated group for:		
- audit services	76,000	73,500
- assistance with the preparation of financial statements	12,000	11,500
- audit of acquittal statements	18,500	22,500
	106,500	107,500

Notes to the financial statements for the year ended 30 June 2016

Note 5. Key management personnel compensation

Key management personnel

Directors

Darren Mitchell
Cynthia à Beckett
Kirsty Albert
Alexandra (Frier) Bentley
Natalie Berney (until 24 August 2016)
Theresa Collignon
Angela Donohoe
Anthony Gall (until 31 March 2016)
Glenn Hughes
Rosalie Wilkie
Barbara Wise

Directors Remuneration

Board members serve on a voluntary basis and do not receive remuneration. They can be reimbursed for a reasonable amount of expenses directly related to Board activities.

Other key management personnel

Virginia (Ginie) Udy, Chief Executive Officer
Kay Turner, Deputy Chief Executive Officer
Peter Rae, Chief Financial Officer
Dianne Speakman, Head of Communication
Joe Magri, Director of Integrated Services
Glynis Chang, Director, Practice, Learning & Development
Kate Frost, Director, Organisational and Business Development
Zarin Medhora, Director, Human Resource
Adrienne Jerram, Director of Marketing and Customer Experience (commenced 22 February 2016)

Notes to the financial statements for the year ended 30 June 2016

Note 5. Key management personnel compensation (continued)

	Short-term benefits	Post employment benefits	Other long term benefits	Termination Benefits	Total
	$	$	$	$	$
2016					
Total compensation	1,495,026	128,957	5,729	-	1,629,712
2015					
Total compensation	1,402,148	116,116	9,187	230,252	1,757,703

Note 6. Cash and cash equivalents

	2016	2015
	$	$
Cash at bank and on hand	6,382,475	7,913,583
Short-term bank deposits	6,486,608	6,391,386
	12,869,083	14,304,969

Refer to note 20 for the group's exposure to financial risk.

Note 7. Trade and other receivables

	2016	2015
	$	$
Trade receivables	205,878	128,636
Provision for impairment of receivables	(25,050)	(7,923)
	180,828	120,713
Other receivables	32,200	69,103
GST receivable	176,889	180,837
Child care benefit receivable	1,824	12,565
	391,741	383,218

Provision for impairment of receivables

Trade receivables are non-interest bearing and are generally on zero day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A provision for impairment of receivables of $25,050 (2015: $7,923) has been recognised by the group in the current year.

Notes to the financial statements for the year ended 30 June 2016

Note 7. Trade and other receivables (continued)

Movements in the provision for doubtful debts were as follows:

	2016 $	2015 $
Opening balance	(7,923)	(23,031)
Additional provision	(17,127)	-
Amounts written off	-	15,108
Closing balance	(25,050)	(7,923)

The group does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions between the group and the counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating debt may not be fully repaid to the group.

At 30 June, the ageing analysis of trade receivables is as follows:

	2016		2015	
	Gross $	Allowance $	Gross $	Allowance $
Current	168,958	-	90,436	-
31 - 60 days	20,047	(14,628)	16,182	-
61 days and over	16,873	(10,422)	22,018	(7,923)
Closing balance	205,878	(25,050)	128,636	(7,923)

As at 30 June 2016 the SDN group had debts that were past due but not doubtful in the amount of $11,870 (2015: $30,277). These trade receivables comprise trade receivables that have a good debt history and are considered recoverable.

Refer to note 20 for the group's exposure to financial risk.

Note 8. Assets held to maturity

	2016 $	2015 $
Term deposits	63,366	61,877

Interest rate
The term deposits bear an interest rate of between 2.20% and 2.40% per annum.

Notes to the financial statements for the year ended 30 June 2016

Note 9. Other assets

	2016 $	2015 $
Current		
Prepayments	132,213	170,922
Security deposits	52,562	52,562
	184,775	223,484

Note 10. Property, plant and equipment

	2016 $	2015 $
Land and buildings		
Freehold land at fair value	17,875,000	17,875,000
Total land	17,875,000	17,875,000
Freehold buildings at fair value	7,788,611	6,979,154
Leasehold building at cost	5,389,562	5,272,651
Less accumulated depreciation	(903,426)	(567,511)
Total freehold and leasehold buildings	12,274,747	11,684,294
Total freehold and leasehold land and buildings	30,149,747	29,559,294
Plant and equipment		
Capital works in progress	276,383	287,866
Plant and equipment at cost	3,515,307	3,112,397
Less accumulated depreciation	(2,782,733)	(2,495,890)
Total plant and equipment	732,574	616,507
Total capital works and plant and equipment	1,008,957	904,373
Software		
Software at cost	1,107,208	453,911
Less accumulated depreciation	(287,600)	(90,000)
Total software	819,608	363,911
Total property, plant and equipment	31,978,312	30,827,578

Notes to the financial statements for the year ended 30 June 2016

Note 10. Property, plant and equipment (continued)

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Software	Total
	$	$	$	$	$
2016					
Balance at the beginning of year	17,875,000	11,684,294	904,373	363,911	30,827,578
Additions	-	656,602	661,194	653,297	1,971,093
Transfers	-	269,766	(269,766)	-	-
Depreciation expense	-	(335,915)	(286,844)	(197,600)	(820,359)
Carrying amount at the end of year	17,875,000	12,274,747	1,008,957	819,608	31,978,312

	Land	Buildings	Plant and equipment	Software	Total
	$	$	$	$	$
2015					
Balance at the beginning of year	17,875,000	11,029,619	777,680	162,723	29,845,022
Additions	-	828,794	506,693	262,582	1,598,069
Transfers	-	29,820	(29,820)	-	-
Disposals	-	(41,928)	(148)	-	(42,076)
Depreciation expense	-	(162,011)	(350,032)	(61,394)	(573,437)
Carrying amount at the end of year	17,875,000	11,684,294	904,373	363,911	30,827,578

Software
SDN Children's Services for the past 2 years has been developing a customer relationship management ('CRM') system. Of the $1,107,208 software costs, $798,398 is for CRM development.

Asset revaluations

The freehold land and buildings were last independently valued as at 30 June 2014 by Assetval Pty Ltd. The valuation was based on fair value and an increment of $4,577,472 was recorded. The historical cost of land and buildings is $4,969,247. (See Note 20 for valuation assumptions). The Directors believe there have not been significant changes to the fair value of the freehold buildings therefore the valuation is still considered appropriate and has been adjusted for capital additions during the year amounting to $926,368.

The Commonwealth Bank of Australia has a registered mortgage over commercial property situated at 3 Linthorpe Street, Newtown NSW as security for an unused overdraft facility.

Notes to the financial statements for the year ended 30 June 2016

Note 11. Trade and other payables

	2016 $	2015 $
Current		
Trade payables	502,724	754,963
Sundry payables and accrued expenses	3,660,911	4,267,654
Funds held on behalf of funding bodies	383,417	208,994
Unearned income – grant revenue	2,462,324	2,809,042
Unearned income – child care fees in advance	301,979	255,370
Unearned income – child care benefit advances	295,702	287,072
	7,607,057	8,583,095
Non-current		
Unearned income – grant revenue	1,863,762	1,863,762

Financial liabilities at amortised cost classified as trade and other payables

	2016 $	2015 $
Trade and other payables:		
- Total current	7,607,057	8,583,095
- Total non-current	1,863,762	1,863,762
Less unearned income	(4,923,767)	(5,215,246)
Less funds held on behalf of funding bodies	(383,417)	(208,994)
Financial liabilities as trade and other payables	4,163,635	5,022,617

Funds held on behalf of funding bodies

As part of its activities, SDN receives funding from government departments in its capacity as project manager which are then distributed to external child care centres around New South Wales. Projects which SDN currently manage include:

- Supporting Children with Additional Needs Program (SCAN): This program was funded by the NSW Department of Education to provide advice, support and resources to preschools which enrolled children with additional needs. This program ended on November 2014. As at June 2016 $618,177 (2015: $618,177) administration funding and $117,763 (2015: $117,763) program funding was held on behalf of the Department of Education which will be refunded to the Department upon request.

- Inclusion and Professional Support Program Flexible Support Funding (ISAFS). This is funding from the Department of Education and Training that SDN pays to approved education and care services to support the inclusion of children with additional needs. In 2016, the total amount of funding received for ISAFS projects was $698,714 (2015: $290,000). As at 30 June 2016 $265,654 (2015: $91,231) was held on behalf of Department of Education and Training relating to this program.

Notes to the financial statements for the year ended 30 June 2016

Note 11. Trade and other payables (continued)

SDN has also received funds which have been used for capital construction projects. Applicable projects include:

- Milperra: This program has been funded by the federal Department of Education to support the construction of SDN Milperra Children's Education and Care Centre. During 2012-2013, a total of $1,863,762 was received from the funding body. As at 30 June 2016 the full amount received is recognised as unearned income (2015: $1,863,762). Revenue will be recognised as the terms of the agreement are fulfilled over a maximum period of 20 years, starting in 2022.

Note 12. Provisions

	2016 $	2015 $
Current:		
Annual leave	2,138,070	2,234,789
Long service leave	1,593,264	1,727,989
Rostered days off	248,813	295,858
Contract termination	184,037	505,335
Make-good	292,290	145,535
	4,456,474	4,909,506
Non-current:		
Long service leave	160,956	176,263
Contract termination	1,380,273	1,061,566
Make-good	157,313	176,394
	1,698,542	1,414,223
	6,155,016	6,323,729

Movement in provisions

	2016 $	2015 $
Make-good		
Balance brought forward	321,929	305,109
Additional provision	127,674	16,820
Balance carried forward	449,603	321,929

Notes to the financial statements for the year ended 30 June 2016

Note 12. Provisions (continued)

Provision for employee entitlements
A provision has been recognised for employee entitlements relating to rostered days off, annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken are based upon historical data.

A provision has also been recognised for employee entitlements relating to contract terminations for employees on fixed term contracts based on the amount expected to be settled in the event that funding programs are not renewed. The liability represents the termination payments to be paid at the anticipated completion of their employment.

The measurement and recognition criteria for employee benefits have been included in Note 1(f). Reclassification of current and non-current provisions has been made in Note 25 to enhance comparability with current year's financial statements.

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The amount of $238,523 reflects leave that is not expected to be taken within the next 12 months.

Provision for make-good
A provision has been recognised in relation to the make-good of a number of premises currently leased by the group. This amount represents the expected amount to be paid out upon termination of the lease to make-good the premises.

Note 13. Reserves and retained earnings

(a)	**Fundraising reserve**	**2016**	**2015**
		$	**$**
	Opening balance	125,902	189,467
	Transfer (from)/to reserve	(25,013)	(63,565)
	Closing balance	100,889	125,902

The fundraising reserve reflects accumulated fundraising revenue due to be expended on costs of fundraising, entertainment, functions and children's equipment. See Note 23.

(b)	**Asset revaluation reserve**	**2016**	**2015**
		$	**$**
	Asset revaluation reserve	19,305,753	19,305,753

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 1(d).

Notes to the financial statements for the year ended 30 June 2016

Note 13. Reserves and retained earnings (continued)

(c) Retained earnings

	2016	2015
	$	$
Opening balance	9,598,885	9,092,581
Surplus during the year	855,915	506,304
Closing balance	10,454,800	9,598,885

Note 14. Controlled entities

SDN Children's Services is the sole beneficiary of SDN Children's Services Building Fund. This fund is intended to subsidise capital projects for the construction and maintenance of school buildings. The balance of the fund including cash at bank and investments was $123,412 (2015: $134,737).

SDN Children's Services also owns 100% of SDN Child & Family Services Pty Limited, a company limited by shares, incorporated and domiciled in Australia. The principal activities of SDN Child & Family Services Pty Limited are the provision of support services for children and families, largely funded through government grants.

Note 15. Capital and leasing commitments

Operating lease commitments

	2016	2015
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable – minimum lease payments		
- not later than 12 months	893,266	1,141,955
- between 12 months and 5 years	1,184,268	1,275,391
- later than 5 years	45,770	233,641
	2,123,304	2,650,987

Operating leases relate to leases over occupied premises and equipment such as copier machines. Lease terms are variable in length with leases of between 1 and 5 years. Leases have different renewal terms. A number of leases are with state and federal departments.

Notes to the financial statements for the year ended 30 June 2016

Note 16. Contingent liabilities and contingent assets

Contingent Assets

There were no contingent assets as at 30 June 2016.

Contingent Liability

SDN Child & Family Services Pty Limited holds the land title of 128 Hartington Street, Rooty Hill. The land is part of the Beranga project. A caveat exists over the property which dictates that SDN Child & Family Services Pty Limited is not able to dispose of the land without the prior consent of the NSW Department of Family and Community Services. On disposal of the asset, the company is required to remit to the Department, an amount of the proceeds equal to the proportion of total funds that they contributed to the project.

A potential contingent liability exists for rent on childcare premises where leases have expired. Management is unable to reliably estimate the value of this liability at the date of these financial statements.

Bank guarantees

SDN Children's Services has provided performance and rental guarantees amounting to $77,832. SDN Child & Family Services Pty Limited has provided performance and rental guarantees amounting to $63,902.

Note 17. Cash flow information

	2016 $	2015 $
Reconciliation of cash flow from operations with surplus from ordinary activities after income tax:		
Surplus from ordinary activities after income tax	855,915	506,304
- Depreciation	820,359	573,437
- Write off of assets	-	42,076
- Provision for bad debts	17,127	-
Changes in assets and liabilities		
- Increase in trade and other receivables	(25,650)	(20,089)
- Decrease/(increase) in other assets	38,709	(87,487)
- Decrease in trade and other payables	(976,038)	(556,182)
- (Decrease)/increase in provisions	(168,713)	602,120
- Decrease in fundraising reserve	(25,013)	(63,565)
Net cash provided by operating activities	536,696	996,614

Note 18. Events occurring after reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of SDN, the results of those operations, or the state of affairs of SDN in future financial years.

Notes to the financial statements for the year ended 30 June 2016

Note 19. Related party transactions

Disclosures relating to key management personnel are set out in Note 5.

Transactions between related parties are on a cost plus basis.

All staff are eligible for a discount on childcare fees in SDN Children's Education and Care Centres for their children.

As at 30 June 2016, trade payables in SDN Children's Services included an amount of $289,451 (2015: $147,194) payable to its subsidiary, SDN Child & Family Services Pty Limited. The trade receivables balance included an amount receivable of $848,558 (2015: $1,161,991) from SDN Child & Family Services Pty Limited. These balances have been eliminated on consolidation.

The SDN Low Income Access Program is funded by SDN Children's Services to provide financial assistance to families facing hardship who would like their child to attend an SDN Children's Education and Care Centre. In 2016, the total amount of funding received for the Low Income Access Program was $nil (2015: $250,000). As at 30 June 2016 $234,730 (2015: $250,000) was held on behalf of SDN Children's Services relating to this program.

In 2016, SDN Children's Services, the parent entity, provided an unsecured at-call loan of $500,000 (2015: $nil) to SDN Child & Family Services Pty Limited to assist in the development of the NDIS program. Interest is charged on a monthly basis at a variable interest rate of 5.45% per annum.

Note 20. Financial risk management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

The totals for each category of financial instruments, measured in accordance with *AASB 139* as detailed in the accounting policies to these financial statements are as follows:

	Notes	**2016 $**	**2015 $**
Financial assets			
Cash and cash equivalents	6	12,869,083	14,304,969
Loans and receivables	7 & 9	444,303	435,780
Assets held to maturity	8	63,366	61,877
Total financial assets at amortised cost		13,376,752	14,802,626
Financial liabilities			
Trade and other payables	11	4,163,635	5,022,617
Total financial liabilities at amortised cost		4,163,635	5,022,617

Notes to the financial statements for the year ended 30 June 2016

Note 20. Financial risk management (continued)

Net fair values
Fair value estimation

Cash and cash equivalents, trade and other receivables, assets held to maturity, trade and other payables and borrowings are short-term instruments in nature whose carrying value is equivalent to fair value.

Freehold land and buildings carried at fair value are valued using the following primary inputs:
- Rate per licenced place;
- Net operating surplus; and
- Surplus capitalisation rate.

A range of rate per licenced place of $30,000 - $53,000 for metropolitan centres and $8,000 - $20,000 for non-metropolitan centres has been used, in the latest valuation performed as at 30 June 2014.

Note 21. Capital management

Management controls the capital of the group to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The Finance Committee monitors the financial position in line with this objective. The Finance Committee operates under policies approved by the Board of Directors.

The entity's capital consists of accumulated equity.

Management effectively manages the group's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of cash investments and debt levels.

There have been no changes to the strategy adopted by management to control the capital of the group since the previous year. The strategy of the group is to maintain a low gearing ratio. The debt held by the group is $nil.

Note 22. Parent entity disclosures

	2016 $	2015 $
Current assets	7,952,579	8,606,737
Total assets	39,927,246	39,260,830
Current liabilities	7,869,817	8,138,779
Total liabilities	10,335,397	10,683,745
Equity	29,591,849	28,577,085
Surplus for the year	1,020,353	801,306
Total comprehensive income for the year	1,020,353	801,306

Parent entity contingencies
The details of all contingencies in respect of SDN Children's Services are disclosed in Note 16.

Notes to the financial statements for the year ended 30 June 2016

Note 23. Information and declaration to be furnished under the *Charitable Fundraising Act 1991*

The fundraising accounts have been prepared on an accruals basis and comply with Applicable Accounting Standards as per Note 1.

	2016 $	2015 $
Statement of fundraising income and expenditure:		
Gross proceeds from fundraising	34,383	21,342
Less: total cost of fundraising	(9,846)	(4,483)
Net surplus from fundraising	24,537	16,859
Application of fundraising proceeds:		
Opening balance	125,902	189,467
Net proceeds from fundraising	24,537	16,859
Reclassification of donations not related to fundraising activities [a]	-	(39,340)
Purchase of children's play materials	(17,972)	(19,350)
Contributions towards excursions / entertainment	(2,282)	(12,341)
Contributions towards equipment	(4,091)	-
Contributions towards playground enhancement	(1,863)	(5,240)
Contributions towards staffing costs	(19,420)	-
Contribution towards food/consumables	(3,922)	(4,153)
Total fundraising reserve	**100,889**	**125,902**

[a] The reclassification concerns an amount of $39,340 which relates to general donations from members of SDN which were not raised under the Charitable Fundraising Act but were included in the fundraising income in prior year in error. This was adjusted in the prior financial year.

Forms of Fundraising Appeals conducted for the year ended 30 June 2016

For the purpose of reporting under the requirements of the *Charitable Fundraising Act 1991*, SDN Children's Services has detailed the forms of fundraising activities conducted for the year ended 30 June 2016. The fundraising activities and appeals include hosting of functions, raffles, sale of items and donations.

Significant ratios of fundraising activities

Comparison by monetary figures and percentages

Comparisons	**2016 %**	**2015 %**
Total cost of fundraising/gross proceeds from fundraising	28.64%	21.01%
Net surplus from fundraising/gross proceeds from fundraising	71.36%	78.99%
Total cost of services provided/total expenditure	83.42%	90.16%
Total cost of services provided/total income received	144.11%	192.50%

Notes to the financial statements for the year ended 30 June 2016

Note 24. Donations received

Donations recognised in Statement of Financial Position[1]

2016	Opening balance $	Donations received $	Transfers $	Payments $	Closing balance $
Disability access & inclusion	-	720	22,063	(11,062)	11,721
Aboriginal E C Scholarships	82,779	133,393	(22,063)	(96,328)	97,781
Aboriginal Training Support	1,930	-	-	-	1,930
Total	84,709	134,113	-	(107,390)	111,432

2015	Opening balance $	Donations received $	Payments $	Closing balance $
Aboriginal E C Scholarships	76,499	68,738	(62,458)	82,779
Aboriginal Training Support	1,930	-	-	1,930
Total	78,429	68,738	(62,458)	84,709

[1]These donations are disclosed as unearned income – child care fee in advance under trade and other payables (refer to Note 11).

Donations recognised in Statement of Profit or Loss and Other Comprehensive Income[2]

	Note	2016 $	2015 $
SDN Children's Services		-	39,340
SDN Child & Family Services Pty Limited		590	9,909
SDN Children's Services Incorporated Building Fund		6,890	14,360
Total	2	7,480	63,609

[2]These donations are disclosed as donation and bequests under revenue (refer to Note 2).

As part of its activities, SDN Children's Services and Controlled Entities receive donations from philanthropic foundations, businesses and individuals for our work with our four priority areas:

- Aboriginal and Torres Strait Islander Early Childhood Scholarships
- Working with children with disability, including our Access and Inclusion Scholarships and our work at SDN Beranga
- Working with children and families facing challenges
- Our Building Fund

A significant proportion of our donations were received in June 2016 from our regular donors. These funds are expected to be utilised during the 2016-17 financial year.

Notes to the financial statements for the year ended 30 June 2016

Note 25. Reclassification and comparatives

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. The items reclassified were as follows:

	Before Adjustment 2015 $	Adjustment 2015 $	After Adjustment 2015 $
2015			
Statement of financial position			
Provisions (current)	5,529,702	(620,196)	4,909,506
Total current liabilities	**14,112,797**	**(620,196)**	**13,492,601**
Provisions (non-current)	794,027	620,196	1,414,223
Total non-current liabilities	**2,657,789**	**620,196**	**3,277,985**

Provision for Contract Termination was reclassified from current to non-current due to further extension of the funding to 2018 of Early Childhood Links and Brighter Futures Programs.

Note 26. Company details

The registered office and the principal place of business is:

SDN Children's Services

Level 2

86 - 90 Bay Street,

Broadway, NSW, 2007

Directors' declaration for the year ended 30 June 2016

Declaration by Directors in respect of fundraising appeals.

In the opinion of the Board of Directors of SDN Children's Services:

a) The accompanying statement of profit or loss & other comprehensive income is drawn up so as to give a true and fair view of income and expenditure of the group for the year ended 30 June 2016, and a true and fair view with respect to fundraising appeals;

b) The accompanying statement of financial position is drawn up so as to give a true and fair view of the group as at 30 June 2016, and in respect to fundraising appeals;

c) There are reasonable grounds to believe the group will be able to pay its debts as and when they become due and payable;

d) The provisions of the *Charitable Fundraising Act 1991* and the regulations under that Act and the conditions attached to the authority holder have been complied with; and

e) The internal controls exercised by the group are appropriate and effective in accounting for income and expenditure for the year ended 30 June 2016.

Signed in accordance with a Resolution of the Board of Directors.

....

Rosalie Wilkie

Director

6 October 2016

Directors' declaration for the year ended 30 June 2016

Directors' Declaration

The directors of SDN Children's Services and Controlled Entities declare that:

The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:

a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Non-for-profit Commission Regulations 2013*; and

b) give a true and fair view of the group's financial position as at 30 June 2016 and of its performance for the year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

....

Rosalie Wilkie

Director

6 October 2016

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of SDN Children's Services

Report on the Financial Report

We have audited the accompanying financial report of SDN Children's Services, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act 2012)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 judgement, 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 responsible entities' preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the responsible entities, 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.

Opinion

In our opinion the financial report of SDN Children's Services 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 consolidated entity's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirement and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Report on Other Legal and Regulatory Requirements

In addition, the consolidated financial statements and associated records have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* and regulations, and:

(a) the consolidated financial statements show a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2016;

(b) money received as a result of the fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Act and the regulations; and

(c) as at the date of this statement, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they fall due.

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 6 October 2016