SDN Child and Family Services Pty Limited

Financial Statements

30 June

2021

ABN: 15 134 504 377

sdn
children's services

Contents

Corporate Directory

Corporate Directory

Barbara Wise	Chair
Linda Cassidy	Director
Darren Mitchell	Director
Kay Turner	Executive Director

Registered Office and Principal Place of Business

Level 2

86-90 Bay Street

Broadway NSW 2007

Auditor

BDO Audit Pty Ltd

Level 11, 1 Margaret Street

Sydney NSW 2000

Directors' report for the year ended 30 June 2021

The Directors present their report for SDN Child and Family Services Pty Limited ('CFS') for the year ended 30 June 2021 which is a part of SDN Children's Services and its controlled entities (the 'group').

What do we do?

SDN Child and Family Services Pty Limited is a company limited by shares. The principal activity of the company is the provision of support services for children and families. No significant change in the nature of the company's activity occurred during the financial year.

Review of our operations in 2020-21

SDN Child and Family Services (CFS) had a strong financial result during 2020-21 despite the COVID-19 pandemic. Its financial strength allowed us to quickly pivot operations during the lockdowns from being primarily face to face to mostly being online. Our teams were a vital lifeline for the families we work with and were able to continue care and support during what were difficult times for many.

Our Children's Therapies revenue grew steadily over the year despite the challenges of COVID. We invested in increasing the number of therapists and strengthening their training and support during the year. While demand continues to increase for our services, the whole sector is facing a shortage of skilled staff that is impacting our ability to meet this growth.

SDN Beranga continued operating as a preschool for children with Autism Spectrum Disorders (ASD). NSW Government Start Strong funding allows us to maintain the increased staff to child ratios that are vital to our ability to deliver this service. The centre remains full and has a healthy waitlist for future enrolments.

The increased complexity in business processes that the NDIS has brought requires investment that will continue for some years as CFS continues to adjust to the changing operating environment. The CFS Board supports this investment in systems which will lead to efficiency improvements for staff and families. These improvements range from better integration of NDIS services with health and education systems, to more active practices and better technology.

CFS's contract to deliver the Brighter Futures program on behalf of the NSW Government in metro Sydney and the Eurobodalla region on the south coast ended 30 June 2021. CFS signed a three-year agreement with the NSW Government from 1 July 2021 for its replacement program Family Preservation. Family Preservation is a voluntary program that strengthens the ability of parents to respond to their children's needs and to create a safe and nurturing home. Our other funded programs including playgroups and Child and Parenting Support (CAPS) program continued to operate steadily through the year.

CFS is a Deductible Gift Recipient and continued to fundraise to support our scholarships program for children. Thanks to our generous donors, during 2020-21 we supported:

- 17 children with Aboriginal and Torres Strait Islander Scholarships totalling $34,889
- 4 children with disabilities through our Access and Inclusion Scholarships children totalling $4,080.

During the year, CFS revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision clarifying how current accounting standards apply to these types of arrangements. Historical financial information has been restated to account for the impact of the change.

Directors’ report for the year ended 30 June 2021

Overall financial position

Total cash equivalents decreased by $301k to $3.9m. This decrease was primarily due to the reduction in trade and other payables.

Operating result

Total revenue decreased by $21k to $14.38 million. Overall CFS recorded a surplus of $335,750 compared with a surplus of $806,583 in 2019-20. Net assets increased by $496,539 to $1,833,968, reflecting our surplus and a $160,789 revaluation gain on land and buildings.

Information on Directors

The Directors in office during the financial year were:

Director’s name	Role	Director since	Qualifications and additional Information
Barbara Wise	Chair and Non-Executive Director	February 2015	Bachelor of Arts (Hons), Master of International Studies (USYD)
Linda Cassidy	Non-Executive Director	March 2020	Bachelor of Arts (Social Science) (Curtin); GradCertMktg (UTS)
Darren Mitchell	Non-Executive Director	July 2009	Bachelor of Economics (Sydney), Master of Economics (Sydney), PhD (Sydney)
Kay Turner	Executive Director	July 2017	Master of Social Science (UWS), Bachelor of Education (Early Childhood) (Macq)

Directors’ attendance at CFS Board Meetings

Name	number of meetings attended	number of meetings eligible to attend
Barbara Wise (Chair)	6	6
Linda Cassidy	5	6
Darren Mitchell	4	6
Kay Turner	6	6

Directors' report for the year ended 30 June 2021

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.

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 2021.

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.

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 2021 has been received and is on page 5.

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

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Barbara Wise
Director
Dated: 29 October 2021

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF SDN CHILD AND FAMILY SERVICES PTY LTD

As lead auditor of SDN Child and Family Services Pty Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Rothwell

Elysia Rothwell
Director

BDO Audit Pty Ltd

Sydney

29 October 2021

Statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Notes	2021 $	2020 $ (restated *)
Revenue	A1	14,378,339	14,399,001
Employee benefits expenses	A2	(9,055,795)	(8,721,812)
Occupancy expenses	A2	(664,800)	(903,672)
Administration expenses	A2	(2,818,854)	(2,988,260)
Service delivery expenses	A2	(950,167)	(522,229)
Depreciation expenses	A2	(509,016)	(406,020)
Finance costs	A2	(43,957)	(50,425)
Surplus before income tax expense		**335,750**	**806,583**
Income tax expense	E2 (iii)		-
Surplus after income tax expense		**335,750**	**806,583**
Other comprehensive income, net of tax			
Will not be reclassified to profit or loss			
Revaluation gain on land and buildings		160,789	-
Total comprehensive income for the year		**496,539**	**806,583**

(*) Refer to Note E3 for details of restatement due to change in accounting policy.

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 2021

	Notes	2021 $	2020 $ (restated *)
Current assets			
Cash and cash equivalents	C1 (ii)	3,921,895	4,222,511
Other current assets		260,045	-
Financial assets		23,711	23,571
Total current assets		**4,205,651**	**4,246,082**
Non-current assets			
Property, plant and equipment	B1	1,306,117	1,162,218
Right-of-use-assets	B1	441,404	810,022
Total non-current assets		**1,747,521**	**1,972,240**
Total assets		**5,953,172**	**6,218,322**
Current liabilities			
Trade and other payables	C1 (iii)	1,769,648	2,314,867
Provisions	C1 (iv)	952,343	772,211
Borrowings	C1 (v)	500,000	500,000
Lease liabilities	C1 (vi)	336,416	363,894
Total current liabilities		**3,558,407**	**3,950,972**
Non-current liabilities			
Provisions	C1 (iv)	438,497	473,937
Lease liabilities	C1 (vi)	122,300	455,984
Total non-current liabilities		**560,797**	**929,921**
Total liabilities		**4,119,204**	**4,880,893**
Net assets		**1,833,968**	**1,337,429**
Equity			
Issued equity	C1 (vi)	100,000	100,000
Reserves	D1 (i) - (iii)	1,692,389	1,535,277
Retained surpluses / (losses)	D1 (iv)	41,579	(297,848)
Total equity		**1,833,968**	**1,337,429**

(*) Refer to Note E3 for details of restatement due to change in accounting policy.

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 2021

	Notes	Share Capital	Asset revaluation reserve	Other reserve	Retained earnings	Total
		$	$	$	$	$
Balance at 1 July 2019 - reported		**100,000**	**311,600**	**1,234,932**	**(735,458)**	**911,074**
Correction due to change in accounting policy	E3	-	-	-	(380,228)	(380,228)
Balance at 1 July 2019 - restated		**100,000**	**311,600**	**1,234,932**	**(1,115,686)**	**530,846**
Surplus for the year		-	-	-	806,583	806,583
Total comprehensive income for the year		-	-	-	806,583	806,583
Transfer from reserves						
Use of fundraising reserve	D1 (ii)			(11,255)	11,255	-
Balance at 30 June 2020		**100,000**	**311,600**	**1,223,677**	**(297,848)**	**1,337,429**
Surplus for the year		-		-	335,750	335,750
Revaluation gain		-	160,789	-	-	160,789
Total comprehensive income for the year		-	160,789	-	335,750	496,539
Transfer from reserves						
Use of fundraising reserve	D1 (ii)	-	-	(3,677)	3,677	-
Balance at 30 June 2021		**100,000**	**472,389**	**1,220,000**	**41,579**	**1,833,968**

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

Statement of cash flows for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipt of grants		12,099,501	11,740,820
Receipts from customers		2,005,528	2,491,725
Interest received		1,260	8,420
Interest paid on lease liabilities		(21,098)	(23,538)
Payments to suppliers and employees		(13,940,452)	(12,493,956)
Net cash from operating activities	E3 (ii)	**144,739**	**1,723,471**
Cash flows from investing activities			
Payments for investments held to maturity		(140)	(213)
Payments for property, plant and equipment		(133,269)	(129,215)
Net cash used in investing activities		**(133,409)**	**(129,428)**
Cash flows from financing activities			
Repayments of lease liabilities		(311,946)	(309,506)
Net cash used in financing activities		**(311,946)**	**(309,506)**
Net (decrease)/increase in cash held		(300,616)	1,284,537
Cash and cash equivalents at beginning of financial year		4,222,511	2,937,974
Cash and cash equivalents at end of financial year	C1 (ii)	**3,921,895**	**4,222,511**

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

A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

A1. WHAT ARE OUR SOURCES OF REVENUE?

Our primary sources of revenue are from State and Federal Government grants, disability services fees and child care fees. We also generated revenue from staff services provided to the parent entity, SDN Children's Services.

	2021 $	2020 $
Childcare revenue	-	261,328
Disability services revenue	2,335,512	2,125,340
Interest received	1,260	8,420
Grants – Commonwealth government	331,450	304,184
Grants – NSW state government	9,360,552	9,348,469
Donations and bequests	73,692	128,467
Staffing recoveries and other intercompany charges*	1,797,670	2,047,172
Other revenue	439,514	89,451
Child Care Subsidy	38,689	86,170
Total revenue	14,378,339	14,399,001

**Recoveries from parent entity for staff costs*

No childcare revenue was received in 2021 due to the NSW Government waiving fees for Community Pre-schools including SDN Beranga. The NSW Government provided top-up funding included in Other Revenue of $439,514 in replacement.

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

	2021 $	2020 $
SDN Child and Family Services Pty Limited – general donations[2]	34,723	93,893
SDN Child and Family Services Pty Limited – child care fees[3]	38,969	34,574
Total	73,692	128,467

[2] *Donations disclosed as donations and bequests under revenue which are general donations not directed towards a specific purpose.*

[3] *Revenue from donations that are directed for use in payment of childcare fees.*

As part of its activities, SDN Child and Family Services Pty Limited receives donations from philanthropic foundations, businesses and individuals for our work with our three 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

A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

What is the relevant accounting policy?

Revenue recognition

Revenue from the rendering of childcare and disability services is recognised upon delivery of the service. Revenue from childcare 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 and other comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company 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 company 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 performance obligation has been delivered to the contributor, otherwise the grant is recognised as revenue on receipt.

General donations are recognised as revenue when received. Donations of child care fees are recognised as revenue when the care is delivered.

Staffing recoveries are received when the company's staff provide services for the parent entity, SDN Children's Services. Revenue is recognised upon delivery of the service.

A2. WHERE HAS THE FUNDING BEEN SPENT?

We have spent the income we received over the course of this financial year on programs that support the following goals.

	2021 $	2020 $
Support children who face challenges	4,678,102	4,304,307
Strengthen families and communities	9,364,487	9,288,111
Total expenditure*	14,042,589	13,592,418

**Expenditure includes impairment loss, depreciation and administration staff costs*

A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

The main categories of expenditure were as follows:

	2021 $	2020 $ (restated)
Employee benefits expense	**9,055,795**	**8,721,812**

	2021 $	2020 $ (restated)
Rent expense	367,864	631,758
Furniture and appliance expenses	9,342	48,769
Repairs and maintenance expense	287,594	223,145
Occupancy expenses	**664,800**	**903,672**
Operating expenditure	306,549	464,416
IT and equipment expense	92,865	119,986
Other expenses	123,102	72,395
Corporate recoveries	2,276,789	2,254,863
Professional fees	69,549	76,600
Administration expenses	**2,818,854**	**2,988,260**
Childcare expenses	146,372	155,333
Consulting expenses	243,215	138,213
Training and Program expenses	560,580	228,683
Service delivery expenses	**950,167**	**522,229**
Depreciation expenses	**509,016**	**406,020**
Finance costs	**43,957**	**50,425**
Total expenditure	**14,042,589**	**13,592,418**

B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

B1. NON-CURRENT ASSETS

Property, Plant and Equipment	2021 $	2020 $
Freehold land - at valuation	727,750	615,000
	727,750	615,000
Freehold buildings – at valuation	502,250	451,000
Less: accumulated depreciation	-	(21,730)
	502,250	429,270
Centre and program equipment – at cost	311,681	276,532
Less: accumulated depreciation	(235,564)	(158,584)
	76,117	117,948
Total property, plant and equipment	**1,306,117**	**1,162,218**

Right-of-use Assets	2021 $	2020 $
Right-of-use Assets – Property - at cost	944,843	929,247
Less: accumulated depreciation	(590,159)	(265,395)
	354,684	663,851
Right-of-use Assets – Equipment - at cost	100,737	100,737
Less: accumulated depreciation	(54,395)	(27,235)
	46,342	73,503
Right-of-use Assets – Vehicle - at cost	64,911	99,401
Less: accumulated depreciation	(24,533)	(26,732)
	40,378	72,668
Total right-of-use Assets	**441,404**	**810,022**
Total non-current assets	**1,747,521**	**1,972,240**

What is the relevant accounting policy?

Non-current assets
Each class of non-current assets is carried at cost or fair value less, where applicable, any accumulated depreciation / amortisation and impairment losses.

B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

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 three years.

The most recent revaluation was completed by an accredited independent valuer as at 30 June 2021.

The revaluation was based on the following assumptions:

- The company intends to retain the land and buildings for continuous use in the foreseeable future;
- The operating license for each property is current and transferrable;
- The information provided by the company for the revaluation is accurate and verifiable;
- The building complies with all relevant statutory requirements in respect of matters such as but not limited to health, building and fire safety regulations (including asbestos and legionnaires disease), rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions;
- That there are no onerous encumbrances or interests reported on title, which adversely affect the values, marketability and continued utility of the property or business;
- That the subject property is affected by a caveat, with the Caveator being 'Minister for Ageing, Minister for Disability Services NSW'.

The primary method utilised by the independent valuer was the Direct Comparison method based on a rate per licensed place. They analysed sales evidence of similar transacted childcare centres in the vicinity of the properties and determined an appropriate rate per licensed place.

The secondary method used by the independent valuer was the Capitalisation of Income approach, which estimates the net market rental income of each property analysed on an income basis per licensed place, then capitalised this figure at an appropriate capitalisation rate (net yield) to arrive at market value.

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

B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

Depreciation

The depreciable amount of all tangible fixed assets including buildings, but excluding freehold land, is depreciated over their useful lives to the company 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	4% straight line
Playground	10% straight line
Plant and equipment	20% - 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 and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

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

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

C1. CAPITAL MANAGEMENT

Management controls the capital of SDN Child and Family Services Pty Limited to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The entity's Risk and Audit Committee monitors the financial position in line with this objective. The entity's Risk and Audit Committee operates under policies approved by the Board of Directors and provides regular reports.

The company has generated positive operating cash flows for the past two years.

The company's capital consists of issued capital and accumulated equity.

Management effectively manages the company's capital by assessing the company'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 company since the previous year. The strategy of the company is to maintain a low gearing ratio. Any funding required is sourced from the parent entity, see Note C1 (v). The external debt held by the company is $nil.

(i) Working Capital

	2021 $	2020 $
Current Assets	4,205,651	4,246,082
Current Liabilities	3,558,407	3,950,972
Net Current Assets	647,244	295,110

(ii) Current Assets

Cash and cash equivalents

	2021 $	2020 $
Cash at bank and in hand	2,544,508	2,846,408
Short-term bank deposits	1,377,387	1,376,103
	3,921,895	4,222,511

What is the relevant accounting policy?

Cash and Cash Equivalents

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

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

(iii) Current Liabilities

Trade and other payables

	2021 $	2020 $
Trade payables	597,375	679,859
Sundry payables and accrued expenses	747,284	888,333
Unearned income - grant revenue	423,004	741,905
Unearned income – childcare fees in advance	1,985	4,770
Unearned income – donated child care fees in advance	-	-
	1,769,648	2,314,867

As part of its activities, SDN Child and Family Services Pty Limited 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 Child and Family Services Pty Limited managed include the Supporting Children with Additional Needs Program (SCAN) program. This program was funded by the NSW Department of Education to provide advice, support and resources to child care services for children with additional needs. This program ended on November 2014. As at June 2021 $735,940 program and administration funding (2020: $735,940) program and administration funding) was held on behalf of the Department of Education which will be refunded to the Department upon request.

As at 30 June 2021 $162,438 (2020: $5,966) was recorded in unearned income representing advances for grant funding received from government.

What is the relevant accounting policy?

Trade Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Funds held on behalf of funding bodies

Funds for operational projects undertaken by the company 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 and costs are recognised in the statement of profit or loss and other comprehensive income. Where the funds received relate to capital projects, funds are only recognised as revenue when the company obtains control of the contribution and has no obligation to repay the funds. Until control is obtained the amounts are held as unearned revenue.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

(iv) Provisions

	2021 $	2020 $
Current		
Annual leave	467,642	423,865
Long service leave	349,122	278,184
Rostered days off	8,198	5,277
Make-good	127,381	64,885
	952,343	772,211
Non-current		
Long service leave	42,007	31,162
Contract termination	396,490	411,444
Make-good	-	31,331
	438,497	473,937

Movement in provisions	2021 $	2020 $
Make-good		
Opening balance	96,216	182,335
Increase/(reduction) in provisions	31,165	(86,119)
Balance at 30 June	127,381	96,216

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is 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 critical accounting estimates and judgements below.

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 company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The amounts of $66,398 reflect 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 SDN Child and Family Services Pty Limited. This amount represents the accrued value to be paid out upon termination of the lease to make-good the premises.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

What is the relevant accounting policy?

Provisions

Provisions are recognised when the company 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.

The Directors evaluate estimates and judgments incorporated into the financial report 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 company.

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.

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

Critical accounting estimates and judgements

Provision for employee benefits

The liability for employee benefits is recognised and measured at the value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the value of the liability for long service leave, estimates of attrition rates and pay increases through promotion and inflation have been taken into account. Where actual rates are different to those estimated the long service leave expense will be impacted.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

Provision for make good

The provision for make good represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms. The calculation includes various assumptions around expected reparation works, timing of works and final costs. Where actual costs are different to the estimate the make good expense will be impacted.

Provision for termination liabilities

The company 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.

(v) Borrowings

	2021 $	2020 $
Loans payable to SDN Children's Services	500,000	500,000

In 2016, the company's parent entity, SDN Children's Services provided an unsecured at-call loan to the company to assist in the development of the NDIS program. Interest is charged on a monthly basis at a variable interest rate of 4.52% per annum (ATO Division 7A-benchmark interest rate) (2020: 5.37%).

What is the relevant accounting policy?

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(vi) Lease liabilities

	2021 $	2020 $
Current		
Lease Liabilities - Property	290,472	304,458
Lease Liabilities - Equipment	28,548	28,548
Lease Liabilities - Vehicle	17,396	30,798
Total current lease liabilities	336,416	363,894

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

Non-current		
Lease Liabilities – Property	79,446	368,104
Lease Liabilities - Equipment	19,226	46,190
Lease Liabilities - Vehicle	23,628	41,690
Total non-current lease liabilities	122,300	455,984
Total lease liabilities	**458,716**	**819,978**

What is the relevant accounting policy?

Lease liabilities

Leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company determines its incremental borrowing rate based on rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The company has adopted a borrowing rate of 3.52%.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(vii) Issued Capital

	2021 $	2020 $
2 fully paid ordinary shares (2020: 2 fully paid ordinary shares)	100,000	100,000

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

C2. FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with *AASB 9* (implemented 1 July 2018) as detailed in the accounting policies to these financial statements are as follows:

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	3,921,895	4,222,511
Trade and other receivables	-	-
Other current assets and financial assets	23,711	23,571
Total financial assets at amortised cost	3,945,606	4,246,082
Financial Liabilities		
Trade and other payables	1,769,648	2,314,867
Borrowings	500,000	500,000
Total financial liabilities at amortised cost	2,269,648	2,814,867

What is the relevant accounting policy?

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

As at 30 June 2021, the entity's financial assets consist of cash and cash equivalents, loans and receivables and other current assets which are measured at amortised cost in accordance with the above accounting policy.

Non-derivative financial liabilities are initially measured at fair value and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

As at 30 June 2021, the entity's financial liabilities consist of trade and other payables which are measured at amortised cost in accordance with the above accounting policy.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

D. APPENDICES

D1. RESERVES AND ACCUMULATED PROFITS

(i) Equity contribution

	2021 $	2020 $
Opening balance	1,220,000	1,220,000
Balance at 30 June	1,220,000	1,220,000

In 2012, the company's parent entity, SDN Children's Services, advanced the company $1,220,000 to assist in the development of the Beranga childcare centre. The advance is not subject to any formal agreement covering terms such as repayment or interest charges to be levied. On initiation of the advance, repayment was neither planned nor likely. As a result, the advance has been treated as an equity contribution in accordance with the provisions of *AASB 139 Financial Instruments: Recognition and Measurement*.

(ii) Fundraising reserve

	2021 $	2020 $
Opening balance	3,677	14,932
Transfers from fundraising reserve	(3,677)	(11,255)
Closing balance	-	3,677

(iii) Asset revaluation reserve

	2021 $	2020 $
Asset revaluation reserve	472,389	311,600

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in Note B1.

(iv) Accumulated losses

	2021 $	2020 $ (restated)
Opening balance	(297,848)	(1,115,686)
(Deficit)/Surplus during the year	335,750	806,583
Transfers from fundraising reserve	3,677	11,255
Closing balance	41,579	(297,848)

D. APPENDICES

D2. UNRECOGNISED ITEMS

Bank Guarantees
SDN Child and Family Services Pty Limited has provided rental guarantees amounting to $87,450 (2020: $87,450).

Contingent Liability

SDN Child and 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 and Family Services Pty Limited is not able to dispose of the land without the prior consent of the NSW Department of Communities and Justice. 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. Only the SDN portion of the property at the valuation date is taken up.

E. OTHER INFORMATION

E1. RELATED PARTIES

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.

Related Party Transactions

Transactions between related parties are on a cost basis.

All staff are eligible for a discount on childcare fees in SDN services for their children.

As at 30 June 2021, trade payables in SDN Child and Family Services Pty Limited included an amount of $449,824 (2020: $760,039) payable to its parent entity, SDN Children's Services. This balance is net of the trade receivable owed to SDN Child and Family Services Pty Limited of $332,803 (2020: $355,521) from SDN Children's Services.

In 2016, SDN Children's Services, the parent entity, provided an unsecured at-call loan of $500,000 to SDN Child and 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 4.52% per annum (ATO Division 7A-benchmark interest rate). No repayments of the principal balance have occurred.

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profit Commission Act 2012*. The directors have determined that the company is not a reporting entity because there are no users dependent on the preparation of general purpose financial statements.

The report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profit Commission Act 2012*, the Charitable Fundraising Act 1991 and the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of the following Australian Accounting Standards:

- AASB 101 *Presentation of Financial Statements*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 107 *Statement of Cash Flows*
- AASB 1048 *Interpretation of Standards*
- AASB 1058 *Australian Additional Disclosures*

(i) New, revised or amending Accounting Standards and Interpretations adopted

The entity 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.

E. OTHER INFORMATION

(ii) Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical cost. The company 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.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. Refer to Note E3 for change in accounting policy. Otherwise, the accounting policies have been consistently applied, unless otherwise stated.

(iii) Income tax

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

(iv) Goods and services tax (GST)

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

(v) Comparative figures

Where required by Accounting Standards and/or for improved presentation purposes comparative figures have been adjusted to conform with changes in presentation for the current year.

E3. CHANGE IN ACCOUNTING POLICY

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC April 2021 agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. Historical financial information has been restated to account for the impact of the change as shown below.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

E. OTHER INFORMATION

Restatement

As a result of the above change in accounting policy, the Company revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC in April 2021. Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

Extract from statement of profit or loss and other comprehensive income:

	2020 $ (reported)	2020 $ (adjustment)	2020 $ (restated)
Administration expenses	(2,903,710)	(84,550)	(2,988,260)
Depreciation expenses	(615,460)	209,440	(406,020)
Surplus before income tax expense	**681,693**	124,890	**806,583**

Extract from statement of financial position

	2020 $ (reported)	2020 $ (adjustment)	2020 $ (restated)
Intangible assets	255,338	(255,338)	-
Total non-current assets	**2,227,578**	(255,338)	**1,972,240**
Total assets	**6,473,660**	(255,338)	**6,218,322**
Net assets	**1,592,767**	(255,338)	**1,337,429**
Equity			
Retained losses	(42,510)	(255,338)	(297,848)
Total equity	**1,592,767**	(255,338)	**1,337,429**

	2019 $ (reported)	2019 $ (adjustment)	2019 $ (restated)
Intangible assets	380,228	(380,228)	-
Total non-current assets	**1,584,438**	(380,228)	**1,204,210**
Total assets	**4,631,527**	(380,228)	**4,251,299**
Net assets	**911,074**	(388,228)	**530,846**
Equity			
Retained losses	(735,458)	(380,228)	(1,115,686)
Total equity	**911,074**	(380,228)	**530,846**

E. OTHER INFORMATION

E3. OTHER REQUIRED DISCLOSURES

(i) Auditor's remuneration

	2021 $	2020 $
Remuneration of the auditor for:		
- audit services	23,250	23,250
- assistance with the preparation of financial statements	7,250	7,250
	30,500	30,500

(ii) Cash Flow Information

	2021 $	2020 $
Reconciliation of cash flow from operations with deficit from ordinary activities after income tax.		
Surplus from ordinary activities after income tax	335,750	806,583
Add: depreciation	509,016	406,020
Changes in assets and liabilities		
- (Increase) / Decrease in trade and other receivables	(514,739)	48,246
- Decrease / (Increase) in other assets	(260,045)	37,509
- Increase / (Decrease) in payables	(69,935)	496,253
- Decrease in provisions	144,692	(71,140)
- Decrease in funding reserve	-	-
Net cash from operating activities	**144,739**	**1,723,471**

(iii) Events occurring after reporting date

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

E. OTHER INFORMATION

(iv) 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.

	2021 $	2020 $
Statement of fundraising income and expenditure:		
Gross proceeds from fundraising	-	-
Net surplus from fundraising	-	-
Application of fundraising proceeds:		
Opening balance	3,677	14,932
Net proceeds from fundraising		-
Purchase of children's play materials	(3,677)	(7,752)
Contributions toward childcare fees	-	(1,391)
Contributions toward childcare materials	-	(2,112)
Total fundraising reserve	**-**	**3,677**

Forms of Fundraising Appeals conducted for the year ended 30 June 2021

For the purpose of reporting under the requirements of the Charitable Fundraising Act 1991, SDN Child and Family Services has detailed the forms of fundraising activities conducted for the year ended 30 June 2021. The fundraising activities and appeals include hosting of functions, raffles, sale of items and donations.

(v) Going Concern Basis

The financial statements have been prepared on a going concern basis. The entity has achieved a net surplus of $335,570 (2020: $806,583) and has a net current assets of $647,244 (2020: $295,110). It held a positive cash balance of $3,921,895 (2020: $4,222,511)

The COVID-19 pandemic has had a significant impact on the childcare service sector for the financial year ended 30 June 2021 and has continued to have a significant impact since the reporting date. The directors have reviewed their assessment of going concern as a result of the above.

As disclosed in Note A1, the entity's primary sources of revenue from State and Federal Government grants, disability service fees and child care fees. The entity also generated revenue from staff services provided to the parent entity, SDN Children's Services.

Directors' Declaration for the year ended 30 June 2021

Declaration by Directors in respect of fundraising appeals.

In the opinion of the Board of Directors of SDN Child and Family Services Pty Limited:

(a) The accompanying statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of income and expenditure of the company for the year ended 30 June 2021, 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 company as at 30 June 2021, and in respect to fundraising appeals;

(c) There are reasonable grounds to believe the company 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 company are appropriate and effective in accounting for income and expenditure for the year ended 30 June 2021.

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

....

Barbara Wise
Director

29 October 2021

Directors' Declaration for the year ended 30 June 2021

Directors' Declaration

The directors have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in the notes to the financial statements.

The directors of the company declare that:

1. 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 Accounting Standards as described in the notes to the financial statements and the *Australian Charities and Not-for-profit Commission Regulations 2013*; and

   (b) give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date in accordance with the accounting policies described in the notes to the financial statements.

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

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

....

Barbara Wise
Director

29 October 2021

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of SDN Child and Family Services Pty Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SDN Child and Family Services Pty Limited (the registered entity), which comprises the statement of financial position as at 30 June 2021, 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, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of SDN Child and Family Services Pty Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards to the extent described in Note E2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – Basis of accounting

We draw attention to Note E2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note E2 to the financial report is appropriate to meet the requirements of the ACNC Act. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In addition, the 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 financial statements show a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2021;

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 registered entity will be able to pay its debts as and when they fall due.

BDO Audit Pty Ltd

BDO

Rothwell

Elysia Rothwell
Director

Sydney, 29 October 2021