



Child & Family Services Ballarat Inc

ABN 83 786 843 940

Financial Statements for the year ended 30 June 2021

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Contents

For the year ended 30 June 2021

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CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Board of Governance Report For the year ended 30 June 2021

The Board of Governance present their report, together with the financial statements of Child & Family Services Ballarat Inc ("Cafs") for the year ended 30 June 2021.

Information on board members

The names of each person who has been a board member during the financial year are:

Gayle Boschert (President)
Charles Kemp (Vice President)
Craig Roberts (Treasurer)
Roslyn Fahey (appointed 22 October 2020)
Jayne Ferguson
Joanne Gell (resigned 22 January 2021)
Karen Heap (appointed 22 October 2020)
Peter Ludbrook
David Matthey
Richard Oakley (resigned 11 August 2020)
Jen Pollard
Michael Tilbury (appointed 22 October 2020)
John White

Board members have been in office for the entire financial year unless otherwise stated.

Principal activities

During the year ended 30 June 2021, the principal activities of Cafs were to provide early intervention and prevention support services to children, young people, families and individuals.

These services include:

- out-of-home care for children and young people;
- family support programs;
- family violence services;
- housing and homelessness services;
- family counselling; and
- financial counselling and problem gambling support.

Cafs services the Central Highlands and Grampians regions of Victoria.

No significant changes in the nature of Cafs' principal activities occurred during the financial year.

Operating results

The operating surplus of Cafs amounted to \$3,015,696 (2020: 2,194,272).

Information on board members

| | |
|-----------------------|--|
| Gayle Boschert | President |
| Qualification: | BSc, Grad Diploma of Nutrition and Diet, MBA |
| Charles Kemp | Vice President |
| Qualification: | BCom, Med, GAICD, M.A.C.E. |
| Craig Roberts | Treasurer |
| Qualification: | BCom., CPA |
| Roslyn Fahey | Appointed 22 October 2020 |
| Qualification: | Bachelor in Human Services Administration, Post Graduate Catholic Leadership |

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Board of Governance Report For the year ended 30 June 2021

Information on board members (cont.)

| | |
|--|--|
| Jayne Ferguson | |
| Qualification: | BA Psychology & Sociology, Grad Dip (Counselling & Human Services), Certificate of Business Excellence |
| Joanne Gell Resigned 22 January 2021 | |
| Qualification: | BA (Hons) Geography, MSc Health Promotion |
| Karen Heap Appointed 22 October 2020 | |
| Qualification: | Chief Executive Officer – Ballarat and District Aboriginal Cooperative (BADAC) |
| Peter Ludbrook | |
| Qualification: | Licensed Real Estate Agent |
| David Matthey | |
| Qualification: | BBus, FCPA, AGIA |
| Richard Oakley Resigned 11 August 2020 | |
| Qualification: | BA LLB |
| Jen Pollard | |
| Qualification: | BEd |
| Michael Tilbury Appointed 22 October 2020 | |
| Qualification: | LLB (University of London), BCL (Oxford University) |
| John White | |
| Qualification: | BBus (Land Economy), Grad DIP. (APP.FIN INV.) |

Meetings of board members

Attendances by each board member were as follows:

| | Board meetings | | | | |
|-------------------------------|-------------------------|-----------------|--------------------------------|---------------------------------------|---|
| | Board of Governance (7) | | Audit & Risk Sub-Committee (4) | Finance & Resources Sub-Committee (6) | Quality, Safety, People & Culture Sub-Committee (6) |
| | <i>Eligible</i> | <i>Attended</i> | <i>Attended</i> | <i>Attended</i> | <i>Attended</i> |
| Gayle Boschert (President) | 7 | 7 | 4 | 6 | 5 |
| Charles Kemp (Vice President) | 7 | 6 | 1 | 2 | 4 |
| Craig Roberts (Treasurer) | 7 | 6 | 3 | 6 | - |
| Roslyn Fahey | 4 | 4 | - | 2 | 4 |
| Jayne Ferguson | 7 | 7 | 3 | 1 | 6 |
| Joanne Gell | 4 | 3 | 1 | - | 2 |
| Karen Heap | 4 | 4 | - | - | 1 |
| Peter Ludbrook | 7 | 7 | 1 | 4 | - |
| David Matthey | 7 | 6 | 3 | 6 | - |
| Richard Oakley | - | - | - | - | - |
| Jen Pollard | 7 | 7 | 4 | 3 | 6 |
| Michael Tilbury | 4 | 4 | 2 | 4 | 2 |
| John White | 7 | 6 | 3 | 5 | - |

CHILD & FAMILY SERVICES BALLARAT INC

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Board of Governance Report For the year ended 30 June 2021

After balance date events

The impact of the Coronavirus (COVID-19) pandemic is ongoing for Cafs up to 30 June 2021. At the date of this report, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian and Victorian Governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of Cafs, or the results of those operations.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found immediately after this board of governance report.

Signed in accordance with a resolution of the board of governance.



Board Member:
Gayle Boschert (President)



Board Member:
Craig Roberts (Treasurer)

Dated this 23rd day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

12 Anderson Street West, Ballarat VIC 3350

PO Box 685 Ballarat VIC 3353

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F +61(0) 3 5330 5890

www.rsm.com.au

As lead auditor for the audit of the financial report of Child & Family Services Ballarat Inc for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "John Findlay".

JOHN FINDLAY

Partner

Ballarat, Victoria

Dated this 23rd day of September 2021

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2021

| | Note | 2021 \$ | 2020 \$ (Restated) |
|--|------|-------------------|--------------------------|
| Revenue | | | |
| Government revenue | 2.1 | 34,413,556 | 26,658,837 |
| Other income | 2.2 | 765,050 | 1,070,882 |
| Total revenue | | 35,178,606 | 27,729,719 |
| Expenses | | | |
| Employee benefits expense | 3.1 | 23,520,846 | 18,518,458 |
| Other expenses | 3.4 | 7,906,838 | 6,231,578 |
| Depreciation | 4.3 | 652,807 | 586,142 |
| Finance costs | | 82,419 | 96,801 |
| Total expenses | | 32,162,910 | 25,432,979 |
| Operating surplus for the year | | 3,015,696 | 2,296,740 |
| Net loss on revaluation of land and buildings | | - | (102,468) |
| Surplus for the year | | 3,015,696 | 2,194,272 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income | | 1,376,811 | (449,759) |
| (Loss) on revaluation of land and buildings | | - | (116,490) |
| Other comprehensive income for the year | | 1,376,811 | (556,249) |
| Total comprehensive income for the year | | 4,392,507 | 1,628,023 |

The accompanying notes form part of these financial statements

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Statement of Financial Position

As at 30 June 2021

| | Note | 2021 \$ | 2020 \$ (Restated) |
|--|------|-------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6.1 | 1,820,423 | 1,157,417 |
| Trade and other receivables | 5.1 | 61,282 | 1,038,355 |
| Investments and other financial assets | 4.5 | 1,306,906 | 3,301,980 |
| Other assets | 5.2 | 590,411 | 430,215 |
| Total Current Assets | | 3,779,022 | 5,927,967 |
| Non-Current Assets | | | |
| Property, plant and equipment | 4.1 | 14,898,396 | 11,859,245 |
| Right-of-use assets | 4.2 | 760,031 | 825,542 |
| Intangible assets | 4.4 | 31,455 | 31,455 |
| Investments and other financial assets | 4.5 | 8,629,510 | 4,833,161 |
| Total Non-Current Assets | | 24,319,392 | 17,549,403 |
| TOTAL ASSETS | | 28,098,414 | 23,477,370 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 5.3 | 2,592,553 | 1,777,377 |
| Contract liabilities | 5.4 | 409,212 | 290,066 |
| Lease liabilities | 6.2 | 96,483 | 82,945 |
| Employee benefit provisions | 3.2 | 1,778,397 | 1,773,355 |
| Provisions | 3.3 | 1,721,320 | 2,774,148 |
| Other financial liabilities | 6.3 | 509,174 | 237,222 |
| Total Current Liabilities | | 7,107,139 | 6,935,113 |
| Non-Current Liabilities | | | |
| Lease liabilities | 6.2 | 715,749 | 764,756 |
| Employee benefit provisions | 3.2 | 537,000 | 431,482 |
| Total Non-Current Liabilities | | 1,252,749 | 1,196,238 |
| TOTAL LIABILITIES | | 8,359,888 | 8,131,351 |
| NET ASSETS | | 19,738,526 | 15,346,019 |
| EQUITY | | | |
| Reserves | 8.4 | 1,702,679 | 325,868 |
| Retained surpluses | | 18,035,847 | 15,020,151 |
| TOTAL EQUITY | | 19,738,526 | 15,346,019 |

The accompanying notes form part of these financial statements

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Statement of Changes in Equity

For the year ended 30 June 2021

| | Retained surpluses \$ | Property revaluation reserve \$ | Investment revaluation reserve \$ | Specific purpose funds \$ | Total \$ |
|--------------------------------|--------------------------|---------------------------------------|---|---------------------------------|-------------------|
| 2021 | | | | | |
| Balance at 1 July 2020 | 15,020,151 | - | 317,495 | 8,373 | 15,346,019 |
| Surplus for the year | 3,015,696 | - | - | - | 3,015,696 |
| Other comprehensive income | - | - | 1,376,811 | - | 1,376,811 |
| Balance at 30 June 2021 | 18,035,847 | - | 1,694,306 | 8,373 | 19,738,526 |
| 2020 | | | | | |
| Balance at 1 July 2019 | 12,604,235 | 116,490 | 988,898 | 8,373 | 13,717,996 |
| Surplus for the year | 2,194,272 | - | - | - | 2,194,272 |
| Transfer to retained surpluses | 221,644 | - | (221,644) | - | - |
| Other comprehensive income | - | (116,490) | (449,759) | - | (566,249) |
| Balance at 30 June 2020 | 15,020,151 | - | 317,495 | 8,373 | 15,346,019 |

The accompanying notes form part of these financial statements

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Statement of Cash Flows

For the year ended 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|---|-------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from government and community (including GST) | | 39,374,954 | 25,207,945 |
| Payments to suppliers and employees (including GST) | | (34,872,450) | (23,847,042) |
| Dividends received | | 219,592 | 307,369 |
| Interest received | | 54,298 | 73,011 |
| Interest paid | | (82,419) | (69,532) |
| Net cash provided by operating activities | 6.1.1 | 4,693,975 | 1,671,751 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 213,666 | 94,581 |
| Purchase of property, plant and equipment | | (3,731,849) | (988,119) |
| Payment for intangible assets | | - | (31,455) |
| Proceeds from sale of shares | | - | 718,969 |
| Purchase of shares | | (2,419,538) | (340,997) |
| Proceeds from/(payments for) term deposits | | 1,995,074 | (551,980) |
| Net cash used in investing activities | | (3,942,647) | (1,099,001) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment for lease liabilities | | (88,322) | (87,964) |
| Net cash used in financing activities | | (88,322) | (87,964) |
| Net increase in cash and cash equivalents held | | 663,006 | 484,786 |
| Cash and cash equivalents at end of financial year | | 1,157,417 | 672,631 |
| Cash and cash equivalents at end of financial year | 6.1 | 1,820,423 | 1,157,417 |

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies

The financial statements cover Child & Family Services Ballarat Inc ("Cafs") as an individual entity. Cafs is an incorporated association incorporated in Victoria under the *Associations Incorporation Reform Act 2012*.

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

New or amended Accounting Standards and Interpretations adopted

Cafs has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the *Associations Incorporation Reform Act 2012*, the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and associated regulations. Cafs is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The financial statements are prepared on a going concern basis.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Cafs' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant notes.

a) Association details

The registered office and principal place of business of the association is:

Child & Family Services Ballarat Inc
115 Lydiard Street North
BALLARAT VIC 3350

b) 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 (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

c) Income tax

No provision for income tax has been raised as Cafs is exempt from income tax pursuant to Division 50, section 50-10 of the *Income Tax Assessment Act 1997*.

d) Comparative information

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

Notes to the Financial Statements

For the year ended 30 June 2021

Note 1 Summary of Significant Accounting Policies (cont.)**e) Restatement of comparative period**

During the financial year, management noted an error in the previous year accounting treatment in relation to CashFlow Boost funding received. In the previous year, funds were not recognised although the scheme related to the 2020 financial year. Cafs received the highest amount possible from the scheme which was \$100,000. Management has restated each of the effected financial statements for the 2020 financial year, as shown in the tables below:

| | 2020 \$ Actual | 2020 \$ Restatement | 2020 \$ Restated |
|---|---|--|---|
| Statement of profit or loss and other comprehensive income | | | |
| Other income | 970,882 | 100,000 | 1,070,882 |
| Surplus for the year before tax | 2,094,272 | 100,000 | 2,194,272 |
| Statement of financial position | | | |
| <i>Assets</i> | | | |
| Accrued income (current) | 510,932 | 100,000 | 610,932 |
| <i>Equity</i> | | | |
| Retained earnings | 14,920,151 | 100,000 | 15,020,151 |

f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in Cafs' normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in Cafs' normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 2 Funding Delivery of Our Services

Cafs' overall objective is to provide early intervention and prevention support services to children, young people, families and individuals in the Central Highlands and Grampians regions of Victoria. To enable Cafs to fulfil its objectives it receives income mainly based on government funding. Cafs also receives income from the sale of goods and supply of services as outlined in the statement of profit or loss and other comprehensive income.

2.1: Government revenue

2.2: Other income

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Note 2.1: Government revenue | | |
| Provisions of community services via grant funding | 30,284,856 | 25,253,837 |
| Other federal government revenue | 4,128,700 | 1,405,000 |
| Total government revenue | 34,413,556 | 26,658,837 |
| Note 2.2: Other income | | |
| Business undertakings | 60,489 | 323,102 |
| Fundraising income | 184,175 | 303,714 |
| Other income | 197,150 | 73,094 |
| Gain on disposal of assets | 57,297 | - |
| Interest | 46,347 | 63,603 |
| Dividends | 219,592 | 307,369 |
| Total other income | 765,050 | 1,070,882 |
| Total revenue and other income | 35,178,606 | 27,729,719 |

Revenue recognition

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

Grant funding

When Cafs obtains control of a government grant, it recognises the associated asset in accordance with the applicable Australian Accounting Standard. In addition, Cafs recognises the following 'related amounts', when applicable:

- any related contributions by owners, customer contract liabilities, financial liabilities and other liabilities and revenue, measured in accordance with the applicable Australian Accounting Standards;
- any liabilities for obligations arising from transfers to enable Cafs to acquire or construct non-financial assets to be controlled by Cafs; and
- donation income, representing the residual amount of the resources received.

As per AASB 1058, a related amount is accounted for as a customer contract liability in line with AASB 15 when, and only when, the associated agreement with the grantor:

- creates enforceable rights and obligations between the parties; and
- includes a promise by Cafs to transfer a good or service that is sufficiently specific for Cafs to determine when the obligation is satisfied.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 2 Funding Delivery of Our Services (cont.)

If an agreement is classified as a contract with a customer, it is accounted for consistent with AASB 15, which requires Cafs to:

- identify the performance obligation(s) under the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligation(s) under the contract; and
- recognise revenue when (or as) Cafs satisfies the performance obligation(s).

For contracts with customers that comprise a donation component, Cafs treats such components as part of the performance obligation(s) unless Cafs can demonstrate that component is not related to the promised goods or services.

Some revenue from government grants meets the necessary criteria to be accounted for as revenue from contracts with customers under AASB 15. Performance obligations arising from contracts for government grants are generally satisfied over time, as Cafs meets the relevant criteria to retain the associated funding. The methods used to measure Cafs' progress towards achieving its performance obligations arising from its contracts for government grants are either inputs or outputs based.

Where there is not an enforceable agreement or specific performance obligations, income is recognised under AASB 1058.

Other federal government revenue

Other federal government revenue relates to stimulus funding provided from the Australian Government in relation to the JobKeeper scheme. This amount is recognised in accordance with AASB 1058.

Business undertakings

Cafs receives income from room hire. Income is recognised when performance obligations are met, that is when the rooms which have been hired are utilised.

In the prior year Cafs operated an opportunity shop which ceased operations in March 2020 due to the COVID-19 pandemic. Sales were recognised at the point in time to which goods are sold and consideration is received.

Interest

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

Dividends

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the revenue arising from Cafs' investment in financial assets.

Fundraising revenue

Donations and bequests are recognised as revenue when received.

Volunteer services

Cafs has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 3 The Cost of Delivering Services

This section provides an account of the expenses incurred by Cafs in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

- 3.1: Breakdown of employee benefits expenses
- 3.2: Provisions for employee benefits in the statement of financial position
- 3.3: Provisions
- 3.4: Breakdown of operating expenses

| | 2021 | 2020 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Note 3.1: Breakdown of employee benefits expenses | | |
| Salaries and wages | 20,846,778 | 16,586,438 |
| Superannuation | 1,658,276 | 1,372,033 |
| Workcover | 1,015,792 | 559,987 |
| Total employee benefits expenses | <u>23,520,846</u> | <u>18,518,458</u> |

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, and WorkCover premiums. Contributions are made by Cafs to an employee superannuation fund and are charged as expenses when incurred.

Note 3.2: Provision for employee benefits in the statement of financial position*Current*

| | | |
|---|-------------------------|-------------------------|
| Provision for annual leave | 1,325,052 | 1,138,674 |
| Provision for time-in-lieu | 2,192 | 37,434 |
| Provision for long service leave | 451,153 | 597,247 |
| Total current employee benefits provisions | <u>1,778,397</u> | <u>1,773,355</u> |

Non-current

| | | |
|---|-----------------------|-----------------------|
| Provision for long service leave | 537,000 | 431,482 |
| Total non-current employee benefits provisions | <u>537,000</u> | <u>431,482</u> |

Provision is made for the Cafs' liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Cafs' employees are entitled to take 13 weeks long service leave after 10 years of continuous service. The portion of the provision relating to employees with 7 or more years of service is shown as a current liability.

Time-in-lieu is provided for based on additional hours worked.

Staff are entitled to leave loading at the rate of 17.5% in relation to their annual leave.

Critical accounting estimates and judgments: Employee benefits

As discussed above, the liability for employee benefits expected to be settled more than 12 months from the reporting date are 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.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 3 The Cost of Delivering Services (cont.)

| | 2021 | 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| Note 3.3: Provisions | | |
| <i>Current</i> | | |
| Civil claims and redress scheme provision | 1,721,320 | 2,774,148 |
| Total provisions | <u>1,721,320</u> | <u>2,774,148</u> |

Civil claims and redress scheme provision recognition

Cafs has historically adopted the approach of providing for uninsured open civil claims at the end of the financial year.

The National Redress Scheme commenced operation on 1 July 2018 and will run for a period of 10 years. Cafs signed up to the National Redress Scheme in April 2019 which has resulted in a requirement to include a provision for future claims.

The provision for civil claims and national redress scheme is based on:

- the number of uninsured open civil claims; plus
- the estimated number of claims from the National Redress Scheme based on recorded incidents that meet the eligibility criteria.

Note 3.4: Breakdown of operating expenses

| | | |
|--|------------------|------------------|
| Client costs | 1,786,653 | 1,098,890 |
| Consultancy | 1,169,248 | 384,157 |
| Occupancy costs | 73,029 | 123,374 |
| Light and power | 158,175 | 127,243 |
| Training, travel and memberships | 478,655 | 193,442 |
| IT costs | 380,155 | 301,370 |
| Motor vehicle expenses | 181,625 | 174,050 |
| Repairs and maintenance | 663,886 | 426,271 |
| Volunteer costs | 6,283 | 19,202 |
| Fundraising costs | 15,326 | 12,631 |
| Audit fees | 34,867 | 22,674 |
| Office costs | 696,364 | 503,212 |
| Minor equipment purchases | 157,013 | 123,401 |
| Civil claims and redress scheme expenses | 464,483 | 2,086,375 |
| Recruitment | 227,283 | 161,902 |
| Repayment of grant funds | 335,689 | - |
| Subcontractor expenses | 643,478 | 270,087 |
| Other expenses | 434,626 | 203,297 |
| Total operating expenses | <u>7,906,838</u> | <u>6,231,578</u> |

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. Other operating expenses are recognised as an expense in the reporting period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 4 Key Assets to Support Service Delivery

Cafs controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources to be utilised for delivery of those outputs.

- 4.1: Property, plant and equipment
- 4.2: Right-of-use assets
- 4.3: Depreciation
- 4.4: Intangible assets
- 4.5: Investments and other financial assets

| | 2021 \$ | 2020 \$ |
|--|-------------------|-------------------|
| Note 4.1: Property, plant and equipment | | |
| <i>Land</i> | | |
| Land at valuation (2020) | 4,367,000 | 4,367,000 |
| Total land | 4,367,000 | 4,367,000 |
| <i>Buildings</i> | | |
| Buildings at valuation (2020) | 8,029,375 | 5,915,500 |
| Less accumulated depreciation | (119,690) | - |
| Total buildings | 7,909,685 | 5,915,500 |
| Leasehold improvements at cost | 350,918 | 316,023 |
| Less accumulated depreciation | (302,103) | (301,031) |
| Total leasehold improvements | 48,815 | 14,992 |
| Capital work in progress | 887,939 | 478,882 |
| <i>Plant and equipment</i> | | |
| Furniture, fittings and equipment at cost | 799,209 | 1,195,456 |
| Less accumulated depreciation | (477,178) | (889,867) |
| Total plant and equipment | 322,031 | 305,589 |
| Computer equipment at cost | 1,968,231 | 1,846,046 |
| Less accumulated depreciation | (1,406,922) | (1,512,779) |
| Total computer equipment | 561,309 | 333,267 |
| Motor vehicles at cost | 1,148,629 | 953,568 |
| Less accumulated depreciation | (347,012) | (509,553) |
| Total motor vehicles | 801,617 | 444,015 |
| Total property, plant and equipment | 14,898,396 | 11,859,245 |

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Notes to the Financial Statements

For the year ended 30 June 2021

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.1: Property, plant and equipment (cont.)

i) Reconciliations of the carrying amounts of each class of asset

| | Land (at valuation) \$ | Buildings (at valuation) \$ | Leasehold improvements \$ | Capital works in progress \$ | Furniture, fittings and equipment \$ | Computer equipment \$ | Motor vehicles \$ | Total \$ |
|--------------------------------|------------------------------|-----------------------------------|---------------------------------|---------------------------------------|---|-----------------------------|-------------------------|-------------------|
| 2021 | | | | | | | | |
| Balance at 1 July 2020 | 4,367,000 | 5,915,500 | 14,992 | 478,882 | 305,589 | 333,267 | 444,015 | 11,859,245 |
| Additions | - | 43,340 | 37,520 | 2,482,508 | 92,475 | 442,439 | 633,567 | 3,731,849 |
| Disposals | - | - | - | - | - | - | (156,369) | (156,369) |
| Transfers | - | 2,070,535 | - | (2,073,451) | 1,030 | - | - | (1,886) |
| Depreciation expense | - | (119,690) | (3,697) | - | (77,063) | (214,397) | (119,596) | (534,443) |
| Balance at 30 June 2021 | 4,367,000 | 7,909,685 | 48,815 | 887,939 | 322,031 | 561,309 | 801,617 | 14,898,396 |
| 2020 | | | | | | | | |
| Balance at 1 July 2019 | 3,178,500 | 5,303,136 | 12,354 | 2,000,951 | 350,018 | 243,771 | 604,014 | 11,692,744 |
| Additions | - | - | 15,000 | 625,320 | 42,131 | 240,242 | 65,426 | 988,119 |
| Disposals | - | (2,204) | (8,370) | - | (12) | - | (117,237) | (127,823) |
| Transfers | - | 2,129,435 | - | (2,147,389) | 17,954 | - | - | - |
| Depreciation expense | - | (108,592) | (3,992) | - | (104,502) | (150,746) | (108,188) | (476,020) |
| Revaluations | 1,188,500 | (1,406,275) | - | - | - | - | - | (217,775) |
| Balance at 30 June 2020 | 4,367,000 | 5,915,500 | 14,992 | 478,882 | 305,589 | 333,267 | 444,015 | 11,859,245 |

Notes to the Financial Statements

For the year ended 30 June 2021

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.1: Property, plant and equipment (cont.)

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least every five years, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations may occur more frequently if fair value assessments indicate material changes in values. An independent valuation of Cafs' land and buildings was performed by Leader Property Practice with the effective date of 30 June 2020. Valuations are based on a direct comparison which is a level 2 input.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the statement of profit or loss and other comprehensive income and accumulated in the property asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of asset shall be recognised in the statement of profit or loss and other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of profit or loss and other comprehensive income. As the revalued buildings are depreciated the difference between depreciation recognised in the statement of profit and loss and other comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment including leasehold improvements is measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount, and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Items of property, plant and equipment are recorded as capital work in progress until such a time that the asset is ready for use. Once the asset is deemed ready for use, the capital work in progress will be transferred to property, plant and equipment and depreciation will commence at that time.

Impairment of assets

At the end of each reporting period, Cafs reviews the carrying values of its tangible and intangible 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 and other comprehensive income. Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when Cafs would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an assets class, Cafs estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.1: Property, plant and equipment (cont.)

Critical accounting estimates and judgments: Impairment of non-financial assets

Cafs assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to Cafs and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Note 4.2: Right-of-use assets | | |
| <i>Non-Current</i> | | |
| Buildings | 800,999 | 748,146 |
| Less accumulated depreciation | (144,552) | (69,050) |
| Total buildings right-of-use assets | 656,447 | 679,096 |
| Office equipment | 187,518 | 187,518 |
| Less accumulated depreciation | (83,934) | (41,072) |
| Total office equipment right-of-use assets | 103,584 | 146,446 |
| Total right-of-use assets | 760,031 | 825,542 |

Reconciliations of the carrying amounts of each class of asset

| | Buildings \$ | Office equipment \$ | Total \$ |
|---------------------------------------|-----------------|---------------------------|----------------|
| Year ended 30 June 2021 | | | |
| Balance at the beginning of year | 679,096 | 146,446 | 825,542 |
| Remeasurement of right-of-use assets | 52,853 | - | 52,853 |
| Depreciation | (75,502) | (42,862) | (118,364) |
| Balance at the end of the year | 656,447 | 103,584 | 760,031 |
| Year ended 30 June 2020 | | | |
| Balance at the beginning of year | - | - | - |
| First time adoption of AASB 16 | 738,057 | 154,446 | 892,503 |
| Depreciation | (69,050) | (41,072) | (110,122) |
| Remeasurement of right-of-use assets | 10,089 | 33,072 | 43,161 |
| Balance at the end of the year | 679,096 | 146,446 | 825,542 |

Right-of-use asset recognition

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where Cafs expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Cafs has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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Notes to the Financial Statements

For the year ended 30 June 2021

Note 4 Key Assets to Support Service Delivery (cont.)

| | 2021 \$ | 2020 \$ |
|--------------------------------------|----------------|----------------|
| Note 4.3: Depreciation | | |
| Buildings | 119,690 | 108,592 |
| Leasehold improvements | 3,697 | 3,992 |
| Furniture, fittings and equipment | 77,063 | 104,502 |
| Motor vehicles | 214,397 | 108,188 |
| Computer equipment | 119,596 | 150,746 |
| Buildings right-of-use assets | 75,502 | 69,050 |
| Office equipment right-of-use assets | 42,862 | 41,072 |
| Total depreciation | 652,807 | 586,142 |

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to Cafs commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation rates are consistent with the prior year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Method | Depreciation rate |
|--------------------------------------|-------------------|-------------------|
| Buildings | Straight-line | 2% |
| Leasehold improvements | Straight-line | 4.70% – 23.30% |
| Furniture, fittings and equipment | Straight-line | 15% |
| Motor vehicles | Diminishing value | 18.75% |
| Computer equipment | Straight-line | 30% |
| Buildings right-of-use assets | Straight-line | 8% – 25% |
| Office equipment right-of-use assets | Straight-line | 25% |

Note 4.4: Intangible assets

Non-current

| | | |
|----------------------|---------------|---------------|
| Water rights at cost | 31,455 | 31,455 |
|----------------------|---------------|---------------|

Note 4.5: Investments and other financial assets

Current

At amortised cost

| | | |
|---------------|-----------|-----------|
| Term deposits | 1,306,906 | 3,301,980 |
|---------------|-----------|-----------|

Non-Current

At fair value through other comprehensive income

| | | |
|---|------------------|------------------|
| Listed shares and equities | 8,629,510 | 4,833,161 |
| Total investments and other financial assets | 9,936,416 | 8,135,141 |

Findex currently manages the portfolio of investments on behalf of Cafs. Refer note 7 for further information of the investments and other financial assets recognition policies.

Notes to the Financial Statements
For the year ended 30 June 2021

Note 5 Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Cafs' operations.

- 5.1: Trade and other receivables
- 5.2: Other assets
- 5.3: Trade and other payables
- 5.4: Contract liabilities

| | 2021 | 2020 |
|--|---------------|------------------|
| | \$ | \$ |
| Note 5.1: Trade and other receivables | | |
| Trade receivables | 56,301 | 427,423 |
| Accrued income | 4,981 | 610,932 |
| Total trade and other receivables | 61,282 | 1,038,355 |

Receivables consist of debtors in relation to goods and services and accrued income.

Receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Cafs holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Due to the short-term nature of current trade and other receivables, their carrying value is assumed to approximate their fair value. Details about the Cafs' impairment policies and its exposure to credit risk is set out in note 7.

Note 5.2: Other assets

| | | |
|-------------------------------|----------------|----------------|
| Prepayments | 582,086 | 418,315 |
| Bonds held on rental property | 8,325 | 11,900 |
| Total other assets | 590,411 | 430,215 |

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Bonds held on rental properties are also recorded as an asset until the point in which the lease expires and bonds are returned.

Note 5.3: Trade and other payables

| | | |
|---------------------------------------|------------------|------------------|
| Trade payables | 1,781,589 | 585,405 |
| ATO liabilities | 162,500 | 384,971 |
| Accrued expenses | 405,991 | 790,361 |
| Other payables | 242,473 | 16,640 |
| Total trade and other payables | 2,592,553 | 1,777,377 |

Payables are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Cafs prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 5.4: Contract liabilities

| | | |
|-----------------------------------|----------------|----------------|
| Income received in advance | 409,212 | 290,066 |
| Total contract liabilities | 409,212 | 290,066 |

Contract liabilities represent the Cafs' obligation to transfer services to a customer and are recognised when a customer pays consideration, or when Cafs recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before Cafs has transferred the services to the customer.

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Notes to the Financial Statements

For the year ended 30 June 2021

Note 6 How We Finance Our Operations

This section provides information on the sources of finance utilised by Cafs during its operations, along with other information related to financing activities of Cafs.

This section includes disclosures of balances that are financial instruments.

- 6.1: Cash and cash equivalents
- 6.2: Lease liabilities
- 6.3: Other financial liabilities
- 6.4: Commitments for expenditure

| Note 6.1: Cash and cash equivalents | 2021 | 2020 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| | | (Restated) |
| <i>Current</i> | | |
| Cash at bank | 1,757,212 | 1,139,472 |
| Cash on hand | 63,211 | 17,945 |
| Total cash and cash equivalents | <u>1,820,423</u> | <u>1,157,417</u> |

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

Note 6.1.1: Reconciliation of operating surplus to net cash flows from operations

| | | |
|--|-------------------------|-------------------------|
| Operating surplus for the year | 3,015,696 | 2,194,272 |
| Reconciling items | | |
| - Depreciation | 652,807 | 586,142 |
| - Net (gain)/loss on disposal of property, plant and equipment | (57,297) | 33,242 |
| - Net loss on revaluation of land and buildings | - | 102,468 |
| - Other non-cash movements | 1,886 | (1,182) |
| - Decrease/(increase) in trade and other receivables | 977,073 | (555,141) |
| - (Increase) in other assets | (160,196) | (255,344) |
| - Increase in trade and other payables | 815,176 | 193,595 |
| - Increase/(decrease) in employee benefits provision | 110,560 | (219,593) |
| - (Decrease)/increase in provisions | (1,052,828) | 1,153,734 |
| - Increase/(decrease) in contract liabilities | 119,146 | (1,707,727) |
| - Increase in other liabilities | 271,952 | 147,285 |
| Net cashflows provided by operating activities | <u>4,693,975</u> | <u>1,671,751</u> |

Note 6.2: Lease liabilities

| | | |
|--------------------------------|-----------------------|-----------------------|
| <i>Current</i> | | |
| Lease liability | 96,483 | 82,945 |
| <i>Non-Current</i> | | |
| Lease liability | 715,749 | 764,756 |
| Total lease liabilities | <u>812,232</u> | <u>847,701</u> |

Lease liabilities recognition

Cafs currently hold leases in relation to buildings and IT equipment.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 6 How We Finance Our Operations (cont.)**Note 6.2: Lease liabilities (cont.)**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Cafs' incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term; and
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Critical accounting estimates and judgments: incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what Cafs estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

| | 2021 | 2020 |
|--|----------------|----------------|
| | \$ | \$ |
| Note 6.3: Other financial liabilities | | |
| Funds held in trust | 509,174 | 237,222 |
| Total other financial liabilities | 509,174 | 237,222 |

Funds held in trust recognition

Where Cafs receive grant funding on behalf of other organisations through auspice arrangements, the funding is recorded as funds held in trust at balance date where funds have not been expended in accordance with agreements.

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For the year ended 30 June 2021

Note 6 How We Finance Our Operations (cont.)

Note 6.4: Commitments for expenditure

| | 2021 | 2020 |
|---|-----------------------|-------------------------|
| | \$ | \$ |
| <i>Lease liability commitments</i> | | |
| Maturity analysis of lease liabilities based on contractual undiscounted cash flows: | | |
| - not later than one year | 157,206 | 146,816 |
| - greater than 1 year but less than 5 years | 473,344 | 487,109 |
| - greater than 5 years | 510,819 | 602,309 |
| Total undiscounted lease liabilities | <u>1,141,369</u> | <u>1,236,234</u> |
| - impact of discounting of lease liability | <u>(329,137)</u> | <u>(388,533)</u> |
| Total lease liability | <u>812,232</u> | <u>847,701</u> |
| <i>Capital commitments</i> | | |
| Capital commitments committed at the reporting date but not recognised as liabilities, payable: | | |
| - not later than one year | 16,836 | 1,644,550 |
| | <u>16,836</u> | <u>1,644,550</u> |

As at 30 June 2021 capital commitments related to a purchase of a motor vehicle.

Capital commitments in the prior year related to the redevelopment of the ground floor located at 115 Lydiard St North, Ballarat in 2020.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 7 Risks, Contingencies and Valuation Uncertainties

Cafs is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Cafs is related mainly to fair value determination.

- 7.1: Financial instruments
- 7.2: Contingent assets and contingent liabilities
- 7.3: Fair value measurement

Note 7.1: Financial instruments

Financial instruments arise out of agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Cafs applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the group to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Cafs recognises the following assets in this category:

- cash and cash equivalents;
- receivables; and
- term deposits.

Financial assets at fair value through other comprehensive income

Cafs holds shares and equity in listed companies which is managed by Findex. Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and Cafs has irrevocably elected at initial recognition to recognise in this category, which is the case. These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Cafs recognises the following liabilities in this category:

- payables;
- other financial liabilities; and
- lease liabilities.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

Note 7.1: Financial instruments (cont.)

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Cafs retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Cafs has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Cafs has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Cafs' continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Reclassification of financial instruments

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through profit or loss, fair value through other comprehensive income and amortised cost when and only when the Cafs' business model for managing its financial assets has changes such that its previous model would no longer apply.

Financial risk management objectives and policies

Cafs' activities do expose itself to some financial risks which need to be actively managed.

Market risk

Cafs' exposure to market risk is primarily through interest rate risk and equity price risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cafs has some exposure to cash flow interest rate risks through cash and deposits that are at floating rates. Cafs manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

Cafs is exposed to equity price risk through its investments in listed shares. Cafs works closely with Findex to assist with the management of its investment portfolio in accordance with the Investment Strategy approved by the Board of Governance. Findex on behalf of the Cafs closely monitors performance and manages the equity price risk through diversification of its investment portfolio and provides updates to the Board of Governance on a timely basis.

Interest rate risk

Changes in interest rates effects the ability for Cafs to earn returns on investment. Management negotiates with banking institutions to get the best available rates for these deposit accounts and also uses the service of Findex to manage its investment portfolio. On this basis, Cafs is exposed to interest rate risk although this risk is mitigated where possible.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)**Note 7.1: Financial instruments (cont.)***Liquidity risk*

Vigilant liquidity risk management requires Cafs to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. Cafs manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Cafs is not exposed to any significant credit risk.

Foreign currency risk

Cafs is not exposed to any significant foreign currency risk.

Price risk

Cafs is not exposed to any significant price risk.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

| | 2021 \$ | 2020 \$ (Restated) |
|--|-------------------|--------------------------|
| Financial Assets | | |
| <i>At amortised cost</i> | | |
| Cash and cash equivalents | 1,820,423 | 1,157,417 |
| Receivables | 61,282 | 1,038,355 |
| Term deposits | 1,306,906 | 3,301,980 |
| <i>Fair value through other comprehensive income (FVOCI)</i> | | |
| Listed shares and equities | 8,629,510 | 4,833,161 |
| Total financial assets | 11,818,121 | 10,330,913 |
| Financial Liabilities | | |
| <i>At amortised cost</i> | | |
| Trade and other payables | 2,592,550 | 1,777,377 |
| Lease liabilities | 812,232 | 847,701 |
| Other financial liabilities | 509,174 | 237,222 |
| Total financial liabilities | 3,913,956 | 2,862,300 |

Note 7.2: Contingent assets and contingent liabilities

There are no known contingent assets or contingent liabilities for Cafs as at 30 June 2021 (2020: NIL).

Notes to the Financial Statements

For the year ended 30 June 2021

Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

Note 7.3: Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that Cafs can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Cafs measures the following assets at fair value on a recurring basis:

- Land and buildings; and
- Listed shares and equities - FVOCI.

Fair value hierarchy

| | Level 1 \$ | Level 2 \$ (Restated) | Level 3 \$ (Restated) | Total \$ |
|--|------------------|-----------------------------|-----------------------------|-------------------|
| 2021 | | | | |
| Property, plant and equipment | | | | |
| Land and buildings | - | 12,276,685 | - | 12,276,685 |
| Investments and other financial assets | | | | |
| Listed shares and equities – FVOCI | 8,629,510 | - | - | 8,629,510 |
| Total assets | 8,629,510 | 12,276,685 | - | 20,906,195 |
| 2020 | | | | |
| Property, plant and equipment | | | | |
| Land and buildings | - | 10,282,500 | - | 10,282,500 |
| Investments and other financial assets | | | | |
| Listed shares and equities – FVOCI | 4,833,161 | - | - | 4,833,161 |
| Total assets | 4,833,161 | 10,282,500 | - | 15,115,661 |

Cafs engages external, independent and qualified valuers to determine the fair value of Cafs' Land and buildings at least every five years. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Governance at each reporting date.

There were no transfers between levels during the financial year. A restatement was processed in relation to the comparative period as the prior year financial statements disclosed Land and buildings as a level 3 input rather than correctly as a level 2 input. The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 8 Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

- 8.1: Related parties
- 8.2: Key management personnel
- 8.3: Remuneration of the auditors
- 8.4: Reserves
- 8.5: Issued but not yet effective Australian accounting and reporting pronouncements
- 8.6: Events occurring after balance sheet date

Note 8.1: Related parties*Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of Cafs, directly or indirectly, including any board member (whether executive or otherwise) of Cafs is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 8.2: Key management personnel.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no material transactions with related parties during the current financial year (2020: \$30,000).

Receivable from and payable to related parties

There were no material receivables from or payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 8.2: Key management personnel

The total remuneration paid to key management personnel of the Association is \$817,180 (2020: \$1,026,505).

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$ | \$ |
| Note 8.3: Remuneration of the auditors | | |
| During the financial year the following fees were paid or payable for external audit services provided by RSM Australia, the auditor of the company (2020: PPT Audit Pty Ltd): | | |
| Audit of the financial statements | 22,500 | 20,950 |
| Other accounting services | 3,500 | - |
| | <u>26,000</u> | <u>20,950</u> |

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Notes to the Financial Statements

For the year ended 30 June 2021

Note 8 Other Disclosures (cont.)

| | 2021 | 2020 |
|--|----------|-----------|
| | \$ | \$ |
| Note 8.4: Reserves | | |
| a) Property revaluation reserve | | |
| Opening balance | - | 116,490 |
| Revaluation of land and buildings | - | (116,490) |
| Closing balance | <u>-</u> | <u>-</u> |

The property revaluation reserve records unrealised gains on revaluation of property, plant and equipment recorded at fair value. Movements in this reserve are disclosed in the statement of changes in equity.

| | | |
|---|------------------|----------------|
| b) Investment revaluation reserve (FVOCI) | | |
| Opening balance | 317,495 | 988,898 |
| Revaluation of listed shares | 1,376,811 | (449,759) |
| Disposal of assets held at FVOCI and transfer to retained surpluses | - | (221,644) |
| Closing balance | <u>1,694,306</u> | <u>317,495</u> |

Cafs holds investments in listed shares and equity, all of which are classified as being held at FVOCI. At each reporting date, these assets are revalued to their market value, and in accordance with AASB 9, the movement is allocated to the investment revaluation reserve. Movements in this reserve are disclosed in the statement of changes in equity.

| | | |
|----------------------------------|--------------|--------------|
| c) Specific purpose funds | | |
| Opening balance | 8,373 | 8,373 |
| Closing balance | <u>8,373</u> | <u>8,373</u> |

The specific purpose funds reserve is made up of amounts received from donors that request their funds be used for specific purposes. Cafs keeps these funds in separate equity accounts in order to honour the donors' requests. Movements in this reserve are disclosed in the statement of changes in equity.

| | | |
|-----------------------|------------------|----------------|
| Total reserves | <u>1,702,679</u> | <u>325,868</u> |
|-----------------------|------------------|----------------|

Notes to the Financial Statements

For the year ended 30 June 2021

Note 8 Other Disclosures (cont.)**Note 8.5: Issued but not yet effective Australian accounting and reporting pronouncements**

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on financial statements |
|--|---|---|---|
| AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> | <p>This standard, together with other related amendments, removes the option for for-profit entities which prepare financial statements under the <i>Corporations Act 2001</i> or otherwise prepare financial statements in accordance with Australian Accounting Standards, to prepare General Special Purpose Financial Statements.</p> <p>Instead, they must prepare General Purpose Financial Statements under either Tier 1 (Full IFRS compliance) or Tier 2 (Specified Disclosure Requirements).</p> <p>As a not-for-profit Cafs currently prepares General Purpose - Reduced Disclosure Requirements Financial Statements.</p> | Periods beginning on or after 1 July 2021. | On adoption of AASB 1060, Cafs will move to Tier 2 disclosure requirements which will reduce the disclosure included within the financial statements. |

Note 8.6: Events occurring after balance sheet date

The impact of the Coronavirus (COVID-19) pandemic is ongoing for Cafs up to 30 June 2021. At the date of this report, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian and Victorian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of Cafs, or the results of those operations.

CHILD & FAMILY SERVICES BALLARAT INC

ABN 83 786 843 940

Statement by Members of the Board of Governance For the year ended 30 June 2021

In the opinion of the Board of Governance:

- a. The financial report as set out on pages 5 to 30 presents a true and fair view of the financial position of Child & Family Services Ballarat Inc as at 30 June 2021 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-Profits Commission Act 2012*.
- b. At the date of this statement, there are reasonable grounds to believe that Child & Family Services Ballarat Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and a resolution of the Board of Governance.



Board Member:
Gayle Boschert (President)



Board Member:
Craig Roberts (Treasurer)

Dated this 23rd day of September 2021



INDEPENDENT AUDITOR'S REPORT To the Members of Child & Family Services Ballarat Inc

RSM Australia Partners

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Opinion

We have audited the financial report of Child & Family Services Ballarat Inc ("CAFS"), 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 statements, including a summary of significant accounting policies, and the statement by members of the board of governance.

In our opinion, the financial report of CAFS is in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of CAFS' financial position as at 30 June 2021 and of its financial performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 CAFS in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in CAFS' annual report for the year ended 30 June 2021, but does not include the financial report and the 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, 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.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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RSM Australia Partners ABN 36 965 185 036

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Responsibilities of the Directors for the Financial Report

The directors of the entity 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, the *Associations Incorporation Reform Act 2012 (Vic)* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* 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.

In preparing the financial report, the directors are responsible for assessing CAFS' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CAFS or to cease operations, or has 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS



JOHN FINDLAY

Partner

Ballarat, Victoria

Dated this 23rd day of September 2021