



2017/18

annual report (financials only)

treasurer's report

The 2018 financial year has seen OzChild enter new jurisdictions delivering innovative programs, resulting in significant increases in operating activity.



The 2018 result was highlighted by an operating deficit of \$69,561 (2017: deficit of \$470,435) with a comprehensive surplus of \$623,094 (2017: surplus of \$150,100).

Financial Year 2018 saw OzChild's operating revenue increase by 43% from the previous financial year (2017 to 2016: 19% increase). This was a result of OzChild's entry into NSW, delivering Functional Family Therapy – Child Welfare (FFT-CW) and Multi Systemic Therapy – Child Abuse and Neglect (MST-CAN), within the Family Preservation and Restoration domain.

OzChild's strategy of investing in evidence based programs has continued, increasing service delivery from three programs in 2017 to 10 programs in 2018, with an additional seven coming on in 2019. This, along with organic growth, will see OzChild's operating revenue continue on a growth path for the foreseeable future.

OzChild continued to grow its strong asset base with net assets of \$25.36M (2017: \$24.74M).

On behalf of the Finance, Risk, Audit and Compliance Committee, I would like to extend my thanks to Chief Executive Officer Lisa Griffiths and the finance team, led very capably by Chief Operating Officer Mark Powell, for their support and assistance throughout the 2018 financial year. As Treasurer, I am confident the investments we are making into evidence based programs, combined with an ongoing commitment to maintaining high quality service delivery and positive outcomes for children and young people, will provide a strong foundation for OzChild's future financial sustainability.

Michael Wooten | Treasurer

CHILDREN AUSTRALIA INC.

ABN 90 680 959 928

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2018

CHILDREN AUSTRALIA INC.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2018**

	Note	2018 \$	2017 \$
OPERATING REVENUE			
Government grants and subsidies		26,624,764	17,483,648
Donations and fundraising activities		391,674	166,877
Investment income		1,349,570	1,212,076
Fees for service		2,405,607	2,490,534
Other income		226,672	287,703
TOTAL OPERATING REVENUE	2(a)	30,998,287	21,640,838
OPERATING EXPENSES			
Operational costs		28,684,716	19,187,883
Fundraising costs		90,906	162,830
Administration costs		1,619,932	2,187,124
Finance costs		12,678	8,853
Information technology costs		627,836	538,334
Property costs		31,780	26,249
TOTAL OPERATING EXPENSES	2(b)	31,067,848	22,111,273
OPERATING SURPLUS (DEFICIT) FOR THE YEAR		(69,561)	(470,435)
ENDOWMENT FUNDS REVENUE			
Investment income	2(a)	-	1,807
Increment in endowment funds	2(a)	20,000	40,000
Expenses related to sale of endowment properties	2(a)	-	-
Fair value profit/(loss) on endowment investment properties	2(a)	50,000	155,000
ENDOWMENT SURPLUS		70,000	196,807
OPERATING AND ENDOWMENT SURPLUS (DEFICIT) FOR THE YEAR		439	(273,628)
OTHER NON OPERATING REVENUE			
Development Income		-	243,898
TOTAL NON OPERATING REVENUE		-	243,898
OTHER NON OPERATING EXPENSES			
Development Expenses		-	1,172,120
TOTAL NON OPERATING EXPENSES		-	1,172,120
NON OPERATING DEFICIT FOR THE YEAR		-	(928,222)
NET SUPLUS (DEFICIT) FOR THE YEAR		439	(1,201,850)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Fair value movements on available-for-sale financial assets - managed funds		426,802	867,950
Items that will not be reclassified to profit or loss			
Gain on revaluation of service properties		195,853	183,800
OTHER COMPREHENSIVE SURPLUS		622,655	1,051,750
TOTAL COMPREHENSIVE SURPLUS (DEFICIT) FOR THE YEAR		623,094	(150,100)

The surplus for the year includes a non-operating endowment fund surplus of \$70,000 (2017: Surplus of \$196,807). The income from the endowment funds is available to be applied in accordance with the directions of each endowment towards the services provided by Children Australia Inc.

This statement also shows Other Comprehensive Income which includes unrealised gains and losses on market based investments and service properties.

The accompanying notes form part of these financial statements.

CHILDREN AUSTRALIA INC.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3 & 15	5,205,565	3,148,725
Receivables	4 & 16	1,029,886	915,187
Financial assets	5 & 16	5,165,659	2,642,901
Other assets	6	308,697	241,430
TOTAL CURRENT ASSETS		11,709,807	6,948,243
NON-CURRENT ASSETS			
Financial assets	5 & 16	18,837,382	18,516,917
Property, plant and equipment	7	5,196,456	4,758,876
Endowment property	7	1,025,000	975,000
TOTAL NON-CURRENT ASSETS		25,058,838	24,250,793
TOTAL ASSETS		36,768,645	31,199,036
CURRENT LIABILITIES			
Provisions	8	1,586,864	1,320,383
Other	10	7,626,467	3,099,644
Payables	9 & 16	1,917,436	1,765,000
TOTAL CURRENT LIABILITIES		11,130,768	6,185,027
NON-CURRENT LIABILITIES			
Provisions	8	277,494	276,720
TOTAL NON-CURRENT LIABILITIES		277,494	276,720
TOTAL LIABILITIES		11,408,261	6,461,747
NET ASSETS		25,360,383	24,737,289
EQUITY			
Endowment funds	11	18,041,400	17,971,400
Asset revaluation reserve	12	2,925,285	2,729,433
Financial asset valuation reserve	13	3,853,788	3,426,987
Accumulated surplus/(deficit)		539,909	609,469
TOTAL EQUITY		25,360,383	24,737,289

The accompanying notes form part of these financial statements.

CHILDREN AUSTRALIA INC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2018**

	Endowment Funds	Asset Revaluation Reserve	Financial Asset Valuation Reserve	Accumulated Surplus (Deficit)	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2016	17,774,593	2,545,633	2,559,037	2,008,126	24,887,389
Operating Profit		-	-	(470,435)	(470,435)
Increment in endowment investment properties	155,000	-	-	-	155,000
Investment income	1,807	-	-	-	1,807
Increment in endowment investment funds	40,000	-	-	-	40,000
Change in market value of managed funds	-	-	867,950	-	867,950
Gain on revaluation of service properties	-	183,800	-	-	183,800
Development Income				243,898	243,898
Development Expenses				(1,172,120)	(1,172,120)
Balance at 30 June 2017	17,971,400	2,729,433	3,426,987	609,471	24,737,289
Operating Profit				(69,561)	(69,561)
Increment in endowment investment properties	50,000				50,000
Expenses related to sale of endowment properties					-
Investment income	-				-
Increment in endowment investment funds	20,000				20,000
Change in market value of managed funds			426,802		426,802
Gain on revaluation of service properties		195,853			195,853
Development Income				-	-
Development Expenses				-	-
Balance at 30 June 2018	18,041,400	2,925,285	3,853,788	539,909	25,360,383

The accompanying notes form part of these financial statements.

CHILDREN AUSTRALIA INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2018

	Note	2018 \$	2017 \$
Receipts from customers		31,036,888	20,167,289
Payments to suppliers , employees and others		(30,485,962)	(22,354,040)
Donations and fundraising		391,674	166,877
Interest, dividends and distributions received		1,349,570	1,213,883
Fee for service		2,405,607	2,490,534
Other income		246,672	287,703
Net Cashflows from operating activities		4,944,450	1,972,246
Payments for property, plant and equipment		(529,657)	(625,678)
Payments for investments		(7,837,655)	(6,142,829)
Proceeds from investments		5,479,702	5,565,927
Net Cashflows from investing activities		(2,887,610)	(1,202,580)
Net increase (decrease) in cash held		2,056,840	769,666
Cash at the beginning of the year		3,148,725	2,379,059
Cash at the end of the financial year	15(a)	5,205,565	3,148,725

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Children Australia Inc. as an individual entity. Children Australia Inc. is a Not-For-Profit Association incorporated in Victoria under the Associations Incorporation Reform Act 2012

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, the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-For-Profits Commission Act 2012. The Financial Statements are presented in Australian dollars which is the Association's functional and presentation currency.

The amounts presented in the financial statements have been rounded to the nearest dollar.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report was authorised for issue on 15th of October 2018 by the Board of Management

(a) Property, plant and equipment and endowment properties

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

Endowment properties have been acquired for long term investment purposes. Changes to fair values of the investment in endowment properties are recorded in the statement of profit or loss and other comprehensive income. All tenant leases are on an arm's length basis.

The depreciable amount of all other fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use, using the straight line basis. Leasehold improvements are depreciated over the unexpired period of the lease.

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

<u>Class</u>	<u>Rate</u>
Buildings	3%
Motor vehicles	20%
Furniture and equipment	20% - 33%
Leasehold improvements	25% - 60%

(b) Leases

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

(c) Employee benefits

Provision is made for Children Australia Inc.'s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other 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.

(d) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Grant revenue is recognised in the statement of profit and loss and other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Revenue from the rendering of a service is recognised upon invoice following the delivery of the service to the customer.

Rental income is recognised when due and receivable.

Donations and fundraising revenue is recognised when received.

Interest revenue is recognised using the effective interest rate method taking into account the interest rates applicable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018**

Dividends and franking credit rebates are recognised when the right to receive the dividend has been established.

(e) **Inventories**

Inventories are valued at the lower of cost and net realisable value.

(f) **Income tax**

Children Australia Inc. is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(g) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except where the GST is not recoverable.

(h) **Financial instruments**

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the association becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and Receivables*

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018**

Impairment - Financial Assets

At each reporting date, the association assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the asset is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the statement of profit and loss and other comprehensive income.

Derecognition

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

(i) Fair Value

Children Australia Inc. measures some of its assets at fair value on a recurring basis.

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(j) Impairment - Other Assets

At each reporting date Children Australia Inc. reviews the carrying value of its assets to determine whether there is any indication that those assets have been impaired. Any excess of an asset's carrying value over its recoverable amount is recognised in the statement of profit and loss and other comprehensive income.

(k) Provisions

Provisions are recognised when the association 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash is cash on hand or available on demand.

(m) Comparative Figures

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, 2018
(o) **Critical Accounting Estimates and Judgments**

The Board evaluates the 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 data.

As per Note 1, 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.

NOTE 2: OPERATING SURPLUS (DEFICIT)	2018	2017
	\$	\$
(a) Revenue		
Operating activities		
- government grants and subsidies	26,624,764	17,483,648
- donations and fundraising activities	391,674	166,877
- rent from properties	72,617	52,142
- fees for service	2,405,607	2,490,534
- interest	149,121	92,411
- dividends and distributions	1,127,833	1,067,523
- other income	226,672	287,703
	30,998,287	21,640,838
Non-operating activities		
- investment income/(loss)	-	1,807
- DP endowment funds	20,000	40,000
- increment in value of endowment properties	50,000	155,000
	70,000	196,807
(b) Expenses		
Operating activities		
- salaries and wages	19,562,004	14,065,343
- general operating expenses	10,384,351	6,946,738
- rental expense and operating leases	847,549	896,256
- finance costs	12,678	8,853
- depreciation expense	229,486	167,834
- property costs	31,780	26,249
	31,067,848	22,111,273
NOTE 3: CASH AND CASH EQUIVALENTS		
Cash on hand (non interest bearing)	81,455	105,384
Cash at bank (interest bearing)	5,124,110	3,043,341
	5,205,565	3,148,725

Cash is on hand or available on demand.

Interest rates are variable and reflect current market rates.

CHILDREN AUSTRALIA INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

NOTE 4: RECEIVABLES	2018	2017
	\$	\$
Current		
Trade debtors	444,137	464,067
Sundry debtors	76,349	87,925
Distributions and interest receivable	465,561	342,074
Stock	5,203	7,902
Security deposits	38,635	13,219
	1,029,886	915,187

No interest is payable on receivables.

NOTE 5: FINANCIAL ASSETS		
Current		
- Term deposits - Operating	5,000,000	2,500,000
- Term deposits - Edith & Maurice Feitel Fund	102,608	100,000
- Term deposits - DP	40,000	20,000
- Term deposits - Murison Trust	23,051	22,901
	5,165,659	2,642,901
Non-Current		
Available-for-sale financial assets		
- Managed portfolios - Endowment Fund	28,029	27,551
- Managed portfolios - General	273,953	269,287
- Managed portfolios - Emerald Hill	13,931,186	13,693,935
- Managed portfolios - Ellis Estate	4,584,215	4,506,144
- Shares - at fair value	20,000	20,000
	18,837,382	18,516,917
	24,003,042	21,159,818

Investments earn interest/distributions at a weighted average rate of 4.7% (2017 5.0%).
The unrealised capital movement from managed portfolios is not included in this rate.

NOTE 6: OTHER ASSETS		
Prepayments	308,697	241,430

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

NOTE 7: PROPERTY, PLANT AND EQUIPMENT AND ENDOWMENT PROPERTY	2018	2017
	\$	\$
a) Service property, plant and equipment		
Land at independent valuation (2018) - Note (ii)	2,065,689	
Land at independent valuation (2017) - Note (ii)		1,903,636
Buildings at independent valuation (2018) - Note (ii)	2,424,311	
Buildings at independent valuation (2017) - Note (ii)		2,335,000
Total service properties	4,490,000	4,238,636
Motor vehicles at cost	48,023	48,023
less accumulated depreciation	(44,303)	(42,883)
	3,720	5,140
Furniture and equipment at cost	2,085,611	1,682,430
less accumulated depreciation	(1,529,358)	(1,337,354)
	556,253	345,076
Leasehold improvements	370,677	358,512
less accumulated amortisation	(224,194)	(188,488)
	146,483	170,024
Total administration property, plant and equipment	5,196,456	4,758,876
b) Ellis Estate land and buildings at independent valuation - Note (i)	329,992	313,896
Emerald Hill land and buildings at independent valuation - Note (i)	695,008	661,104
Total endowment properties	1,025,000	975,000

(i) One endowment property in the Western Region is self occupied and partially leased to external parties. The other property in the Western Region is partially leased to an external party.

(ii) Land and buildings were valued by Teska Carson as at 30 June 2018 based on open market values.

CHILDREN AUSTRALIA INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

PROPERTY, PLANT AND EQUIPMENT

(c) Movements in Carrying Amounts

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

2018 Class of Asset	Opening balance \$	Depreciation write-back \$	Reclassify \$	Additions \$	Disposals \$	Transfers \$	Reclassification to non current assets held for sale \$	Depreciation / Amortisation Expense \$	Revaluation \$	Closing balance \$
Land	1,903,636	-	-	-	-	-	-	-	162,053	2,065,689
Buildings	2,335,000	58,800	-	114,311	-	-	-	(58,800)	(25,000)	2,424,311
Endowment properties	975,000	-	-	-	-	-	-	-	50,000	1,025,000
Service Property, furniture & equipment	345,076	-	-	403,181	-	-	-	(192,004)	-	556,253
Leasehold improvements	105,524	-	-	12,165	-	-	-	(35,706)	-	81,983
Leasehold improvements - make good	64,500	-	-	-	-	-	-	-	-	64,500
Motor vehicles	5,140	-	-	-	-	-	-	(1,420)	-	3,720
TOTAL	5,733,876	58,800	-	529,657	-	-	-	(287,930)	187,053	6,221,456

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

	2018 \$	2017 \$
NOTE 8: PROVISIONS		
Current		
Employee benefits	1,586,864	1,320,383
	1,586,864	1,320,383
Non-Current		
Employee benefits	212,994	212,220
Provision for lease make good	64,500	64,500
	277,494	276,720
Total Provisions	1,864,358	1,597,103
Balance at the start of the year	1,597,103	1,401,031
Additional provisions	1,402,443	1,025,852
Amounts used	(1,135,188)	(829,780)
	1,864,358	1,597,103
NOTE 9: PAYABLES		
Trade payables	976,461	512,823
Sundry payables and accrued expenses	940,976	1,252,177
	1,917,436	1,765,000
NOTE 10: OTHER LIABILITY		
Deferred Income	7,626,467	3,099,644
	7,626,467	3,099,644

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

	2018 \$	2017 \$
NOTE 11: ENDOWMENT FUNDS		
General endowment	179,398	179,398
Emerald Hill endowment	10,560,322	10,526,810
Ellis Estate endowment	6,964,405	6,948,493
Yallum endowment	30,606	30,148
J.C. Butler scholarship	7,918	7,800
McNaughton trust	114,851	114,851
Gregory trust	1,000	1,000
Murison trust	22,900	22,900
Edith and Maurice Feitel trust	100,000	100,000
DP Endowment	60,000	40,000
	18,041,400	17,971,400
Movement in Endowment Funds		
General endowment		
Balance at start of the year	179,398	179,398
Balance at the end of the year	179,398	179,398
Emerald Hill endowment		
Balance at start of the year	10,526,810	10,421,710
Increment/(decrement) in investment properties	33,512	105,100
Balance at the end of the year	10,560,322	10,526,810
Ellis Estate endowment		
Balance at start of the year	6,948,493	6,898,593
Increment/(decrement) in investment properties	15,911	49,900
Balance at the end of the year	6,964,405	6,948,493
Yallum endowment		
Balance at the start of the year	30,148	28,712
Interest income	458	1,436
Balance at the end of the year	30,606	30,148

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

	2018 \$	2017 \$
NOTE 11: ENDOWMENT FUNDS (continued)		
Movement in Endowment Funds (continued)		
J.C. Butler scholarship		
Balance at the start of the year	7,800	7,429
Interest income	118	371
Balance at the end of the year	7,918	7,800
Edith and Maurice Feitel trust		
Balance at the start of the year	100,000	100,000
Balance at the end of the year	100,000	100,000
David Pincus Endowment		
Balance at the start of the year	40,000	40,000
Additional Endowment Contribution	20,000	-
Balance at the end of the year	60,000	40,000
The income from but not the capital of endowment funds can be used for the operations of Children Australia Inc.		
NOTE 12: ASSET REVALUATION RESERVE		
The asset revaluation reserve records revaluations of land and buildings.		
NOTE 13: FINANCIAL ASSET VALUATION RESERVE		
The financial asset valuation reserve records the change in market value of managed funds.		
NOTE 14: OPERATING LEASE COMMITMENTS		
Operating leases relating to the motor vehicle fleet and office rentals.		
Payable		
- not later than one year	1,006,204	680,208
- later than one year but not later than five years	1,207,941	345,924
	2,214,145	1,026,132

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018
NOTE 15: CASH FLOW INFORMATION

		2018	2017
		\$	\$
(a) Cash Reconciliation			
For the purposes of the cash flow statement, cash includes cash on hand and at bank Cash at the end of the year is shown in the balance sheet as:			
Cash and Cash Equivalents	Note 3	5,205,565	3,148,725
		<u>5,205,565</u>	<u>3,148,725</u>

NOTE 16: FINANCIAL RISK MANAGEMENT**(a) Financial Risk Management Policies**

The association's financial instruments consist mainly of deposits with banks, long term investments that comprise of Australian fixed interest, shares and cash management accounts, accounts receivable and accounts payable.

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	5,205,565	3,148,725
Term Deposits-held to maturity	5,165,659	2,642,901
Managed Portfolios- available for sale	18,837,382	18,516,917
Receivables	1,029,886	915,187
	<u>30,238,492</u>	<u>25,223,730</u>
Financial Liabilities		
Trade Payables	1,917,436	1,765,000
	<u>1,917,436</u>	<u>1,765,000</u>

(b) Net Fair Values

For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.

In determining the fair values of the unlisted available for sale financial assets, the Board of Management have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

Fair values of held-to-maturity term deposits generally reprice to a market interest rate every six months. This therefore approximates fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018**
NOTE 17: RELATED PARTY TRANSACTIONS

Board member, Catherine Dunlop is a partner at Maddocks Lawyers. Maddocks Lawyers were paid \$17,212 for legal services in the 2018 financial year.

All members of the Board of Management acted in an honorary capacity.

NOTE 18: KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 \$	2017 \$
Total Compensation	961,549	925,451

NOTE 19: NOTE TO STATEMENT OF CASHFLOWS

Operating Profit/(Deficit)	(69,561)	(470,435)
Non Operating Profit/(Deficit)	-	(928,222)
Net Operating Profit/(Deficit) for cashflow purposes	(69,561)	(1,398,657)
Non-cash flows in operating surplus		
Depreciation	229,461	179,227
Endowment operating surplus		
Investment income	-	1,807
Changes in assets and liabilities		
(Increase) decrease in debtors	(114,729)	(127,731)
(Increase) decrease in other assets	(67,268)	(79,873)
(Increase) decrease in financial assets	20,000	-
Increase(decrease) in payables	152,436	633,927
Increase(decrease) in provisions	267,255	196,072
Increase(decrease) in income in advance	4,526,793	2,567,474
Cashflow from operating activities	4,944,388	1,972,246

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

The Board of Management is not aware of any significant events since the end of the reporting period.

NOTE 21: ASSOCIATION DETAILS

The registered office of the association is:
Children Australia Inc.
Level 3, 150 Albert Road
SOUTH MELBOURNE VIC 3205

Children Australia Inc.

ABN: 90 680 959 928

Board of Management Declaration

The board of management of the association declare that:

1. The financial statements and notes of Children Australia Inc., as set out on pages 1 to 16, are in accordance with the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - a) complying with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations), the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*; and
 - b) giving a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the association.
2. In the board of management's opinion, there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Management



.....
President: Helen Maxwell-Wright



.....
Treasurer: Michael Wooten

Dated this 15th day of October 2018

Independent Auditor's Report to the Members of Children Australia Incorporated

Opinion

We have audited the financial report of Children Australia Incorporated. (the association), which comprises the statement of financial position as at 30 June 2018, 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 other explanatory information, and the statement by members of the committee on the annual statements giving a true and fair view of the financial position of the association.

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

- (a) giving a true and fair view of the financial position of Children Australia Incorporated (the association) as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – *Reduced Disclosure Requirements* and 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 association in accordance with the auditor independence 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.

Responsibilities of Management and the Committee for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as the committee determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the association'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 committee either intend to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The committee of the association is responsible for overseeing the entity's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

John J Gavens

JOHN GAVENS
Partner

Melbourne, Victoria
Dated this 15 day of October 2018



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ozchild.org.au

OzChild – Children Australia Inc | ABN 90 680 959 928

OzChild is an Income Tax Exempt Charitable Entity and Deductible Gift Recipient.

OzChild is committed to continually improving our services and processes. Our quality system is accredited against ISO9001.