

CHILDREN AUSTRALIA INC.

ABN 90 680 959 928

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE, 2015

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2015**

	Note	2015 \$	2014 \$
OPERATING REVENUE			
Government grants and subsidies		14,070,457	13,206,292
Donations and fundraising activities		301,067	352,906
Investment income		1,223,265	1,425,510
Fees for service		2,349,855	2,598,468
Other income		315,854	1,061,177
TOTAL OPERATING REVENUE	2(a)	18,260,498	18,644,353
OPERATING EXPENSES			
Operational costs		15,969,132	16,058,255
Bad debts		-	5,737
Fundraising costs		116,556	154,429
Administration costs		1,996,695	2,515,269
Finance costs		8,076	6,615
Information technology costs		543,459	544,516
Property costs		5,310	27,573
TOTAL OPERATING EXPENSES	2(b)	18,639,228	19,312,394
OPERATING DEFICIT FOR THE YEAR		(378,730)	(668,041)
ENDOWMENT FUNDS REVENUE			
Investment income	2(a)	1,639	1,560
Expenses related to sale of endowment properties		(75,898)	-
Fair value loss on endowment investment properties	2(a)	(24,000)	(300,000)
ENDOWMENT DEFICIT		(98,259)	(298,440)
OPERATING AND ENDOWMENT DEFICIT FOR THE YEAR		(476,989)	(966,481)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Fair value movements on available-for-sale financial assets - managed funds		448,399	881,488
Items that will not be reclassified to profit or loss			
Gain on revaluation of service properties		130,000	11,000
Net surplus of assets over liabilities on Wresacare Merger		-	246,489
OTHER COMPREHENSIVE SURPLUS		578,399	1,138,977
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		101,410	172,495

The deficit for the year includes non - operating endowment funds deficit of (\$98,259) (2014: Deficit of \$298,440).
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.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3 & 14	3,130,131	112,246
Receivables	4	519,488	921,106
Financial assets	5 & 15	1,082,901	3,634,013
Inventories		-	20,464
Other assets	6	67,640	416,050
Non current assets held for sale	19	-	970,000
TOTAL CURRENT ASSETS		4,800,160	6,073,879
NON-CURRENT ASSETS			
Financial assets	5 & 15	18,414,672	16,118,320
Property, plant and equipment	7	2,689,670	2,707,796
Endowment property	7	695,000	1,825,000
TOTAL NON-CURRENT ASSETS		21,799,342	20,651,116
TOTAL ASSETS		26,599,502	26,724,995
CURRENT LIABILITIES			
Financial liabilities	14 & 15	-	7,266
Provisions	8	4,627,596	4,388,584
Payables	9	1,163,658	1,607,305
TOTAL CURRENT LIABILITIES		5,791,254	6,003,155
NON-CURRENT LIABILITIES			
Provisions	8	226,892	241,894
TOTAL NON-CURRENT LIABILITIES		226,892	241,894
TOTAL LIABILITIES		6,018,146	6,245,049
NET ASSETS		20,581,356	20,479,946
EQUITY			
Endowment funds	10	17,650,022	17,748,281
Asset revaluation reserve	11	1,082,633	952,633
Financial asset valuation reserve	12	2,822,055	2,373,656
Accumulated surplus/(deficit)		(973,354)	(594,624)
TOTAL EQUITY		20,581,356	20,479,946

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2015

	Endowment Funds \$	Asset Revaluation Reserve \$	Financial Asset Valuation Reserve \$	Accumulated Surplus (Deficit) \$	Total \$
Balance at 30 June 2013	18,046,721	941,633	1,492,168	(173,071)	20,307,451
Operating Loss	-	-	-	(668,041)	(668,041)
Wresacare Accumulated Surplus	-	-	-	246,488	246,488
Decrement in endowment investment properties	(300,000)	-	-	-	(300,000)
Investment income	1,560	-	-	-	1,560
Change in market value of managed funds	-	-	881,488	-	881,488
Gain on revaluation of service properties	-	11,000	-	-	11,000
Balance at 30 June 2014	17,748,281	952,633	2,373,656	(594,624)	20,479,946
Operating Loss	-	-	-	(378,730)	(378,730)
Decrement in endowment investment properties	(24,000)	-	-	-	(24,000)
Expenses related to sale of endowment properties	(75,898)	-	-	-	(75,898)
Investment income	1,639	-	-	-	1,639
Change in market value of managed funds	-	-	448,399	-	448,399
Gain on revaluation of service properties	-	130,000	-	-	130,000
Balance at 30 June 2015	17,650,022	1,082,633	2,822,055	(973,354)	20,581,356

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2015

	Note	2015 \$	2014 \$
Cash Flows from Operating Activities			
Grants received		14,070,457	13,206,292
Investment and rental income		113,321	413,946
Fundraising income		301,067	352,906
Interest received		68,936	193,778
Investment income received		1,027,081	819,991
Fees for service		2,349,855	2,598,468
Other receipts		315,854	411,082
Payments to suppliers and employees		(17,814,824)	(17,898,627)
Net Cash Provided by/used in Operating Activities		431,747	97,836
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(60,072)	(128,598)
Proceeds from disposal of plant and equipment		26,364	50,773
Proceeds from sale of property		2,076,000	2,385,000
Proceeds from deposit on sale of property		-	67,388
Proceeds from/transfers to term deposits		2,551,112	(2,880,000)
Transfer of funds to investment portfolio		(2,000,000)	-
Net Cash Provided by/used in Investing Activities		2,593,404	(505,437)
Net Cash Provided by/used in Financing Activities		-	-
Net increase (decrease) in cash and cash equivalents held		3,025,151	(407,601)
Cash and cash equivalents at the beginning of the year		104,980	512,581
Cash and Cash Equivalents at the End of the Year	14(a)	3,130,131	104,980

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

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 Act 1981.

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-Profit 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 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.

(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 and 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, 2015**

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

Unspent client funds and brokerage have been recognised as revenue as has a provision for the offsetting expenditure.

(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 transactions costs. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) ***Receivables***

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.

(ii) ***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.

(iii) ***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 asset 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.

(iv) ***Financial Liabilities***

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

Fair Value (cont.)

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.

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) *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.

(j) *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.

(k) *Cash and cash equivalents*

Cash is cash on hand or available on demand.

(l) *Comparative Figures*

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

(m) *Adoption of new and revised accounting standards*

During the current year, the following standards became mandatory and have been adopted retrospectively by Children Australia Inc.

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
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- AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*

The adoption of the new standards has not had a material impact on Children Australia Inc.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

(n) **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.

The financial report was authorised for issue on the 26th of October 2015 by the Board of Directors.

NOTE 2: OPERATING SURPLUS	2015	2014
	\$	\$
(a) Revenue		
Operating activities		
- government grants and subsidies	14,070,457	13,206,292
- donations and fundraising activities	301,067	352,906
- rent from properties	113,321	413,947
- fees for service	2,349,855	2,598,468
- interest	130,320	273,164
- dividends and distributions	979,624	738,399
- other income	315,854	1,061,177
	18,260,498	18,644,353
Non-operating activities		
- investment income / (loss)	1,639	1,560
- expenses related to sale of endowment properties	(75,898)	
- decrement in value of endowment properties	(24,000)	(300,000)
	(98,259)	(298,440)
(b) Expenses		
Operating activities		
- salaries and wages	11,781,203	11,664,035
- general operating expenses	5,625,339	6,076,859
- bad debts	-	5,737
- rental expense and operating leases	984,352	1,297,389
- finance costs	8,076	6,615
- depreciation expense	234,948	234,186
- property costs	5,310	27,573
	18,639,228	19,312,394
NOTE 3: CASH AND CASH EQUIVALENTS		
Cash on hand (Non interest bearing)	75,536	32,729
Cash at bank (Interest bearing)	3,054,594	79,517
	3,130,131	112,246
Cash is on hand or available on demand.		
Interest rates are variable and reflect current market rates.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

NOTE 4: RECEIVABLES	2015	2014
	\$	\$
Current		
Trade debtors	191,555	509,050
Sundry debtors	130,728	178,185
Distributions and interest receivable	185,714	124,330
CCVL Loan	-	95,800
Security deposits	11,491	13,741
	519,488	921,106

No interest is payable on receivables.

NOTE 5: FINANCIAL ASSETS

Current		
- Term deposits - Emerald Hill	-	2,116,271
- Term deposits - Ellis Estate	-	518,413
- Term deposits - General endowment	-	225,875
- Term deposits - Operating	960,000	650,553
- Term deposits - Edith & Maurice Feitel Fund	100,000	100,000
- Term deposits - Murison Trust	22,901	22,901
	1,082,901	3,634,013
Non-Current		
Available-for-sale financial assets		
- Managed portfolios - Endowment Fund	27,399	23,979
- Managed portfolios - General	267,799	234,367
- Managed portfolios - Emerald Hill	13,618,238	11,918,166
- Managed portfolios - Ellis Estate	4,481,236	3,921,808
- Shares - at cost	20,000	20,000
	18,414,672	16,118,320
	19,497,573	19,752,333

Investments earn interest/distributions at a weighted average rate of 5.2 % (2014 3.70%).
The unrealised capital movement from managed portfolios is not included in this rate.

NOTE 6: OTHER ASSETS

Prepayments	67,640	416,050
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

NOTE 7: PROPERTY, PLANT AND EQUIPMENT AND ENDOWMENT PROPERTY

	2015	2014
	\$	\$
a) Service property, plant and equipment		
Land at independent valuation (2015) - Note (ii)	1,000,000	
Land at independent valuation (2014) - Note (ii)		1,000,000
Buildings at independent valuation (2015) - Note (ii)	1,420,000	
Buildings at independent valuation (2014) - Note (ii)		1,320,000
Total service properties	2,420,000	2,320,000
Motor vehicles at cost	40,913	130,722
less accumulated depreciation	(40,913)	(89,972)
	-	40,750
Furniture and equipment at cost	1,245,617	1,178,817
less accumulated depreciation	(1,102,741)	(935,877)
	142,876	242,940
Leasehold improvements	268,945	224,012
less accumulated amortisation	(142,151)	(119,906)
	126,794	104,106
Total administration property, plant and equipment	2,689,670	2,707,796
b) Ellis Estate land and buildings at independent valuation - Note (i)	223,745	796,760
Emerald Hill land and buildings at independent valuation - Note (i)	471,255	1,028,240
Total endowment properties	695,000	1,825,000

(i) The two properties in Western Region are both self occupied and partially leased to external parties.

(ii) Melbourne based land and buildings were independently valued by Teska Carson as at 30 June 2015 based on open market values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015
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.

2015 Class of Asset	Opening balance \$	Depreciation write-back \$	Write off \$	Additions \$	Disposals \$	Transfers \$	Reclassification to non current assets held for sale \$	Depreciation / Amortisation Expense \$	Revaluation \$	Closing balance \$
Land	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Buildings	1,320,000	30,000	-	-	-	-	-	(30,000)	100,000	1,420,000
Endowment properties	1,825,000	-	-	-	(1,130,000)	-	-	-	-	695,000
Service Property, furniture & equipment	242,940	-	-	91,139	(11,075)	-	-	(180,128)	-	142,876
Leasehold improvements	39,606	-	-	44,933	-	-	-	(22,245)	-	62,294
Leasehold improvements - make good	64,500	-	-	-	-	-	-	-	-	64,500
Motor vehicles	40,750	-	(38,177)	-	-	-	-	(2,573)	-	(0)
TOTAL	4,532,796	30,000	(38,177)	136,072	(1,141,075)	-	-	(234,946)	100,000	3,384,670

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

	2015 \$	2014 \$
NOTE 8: PROVISIONS		
Current		
Employee benefits	1,110,230	1,139,171
Unexpended grants	3,517,366	3,249,413
	<u>4,627,596</u>	<u>4,388,584</u>
Non-Current		
Employee benefits	162,392	177,394
Provision for lease make good	64,500	64,500
	<u>226,892</u>	<u>241,894</u>
Total Provisions	<u>4,854,488</u>	<u>4,630,478</u>
Balance at the start of the year	4,630,478	3,872,606
Additional provisions	1,054,106	1,424,329
Amounts used	<u>(830,096)</u>	<u>(666,457)</u>
	<u>4,854,488</u>	<u>4,630,478</u>
NOTE 9: PAYABLES		
Trade payables	328,762	491,393
Sundry payables and accrued expenses	834,896	1,048,524
Deposits received	-	67,388
	<u>1,163,658</u>	<u>1,607,305</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

	2015 \$	2014 \$
NOTE 10: ENDOWMENT FUNDS		
General endowment	179,398	179,398
Emerald Hill endowment	10,338,172	10,295,990
Ellis Estate endowment	6,859,281	7,001,361
Yallum endowment	27,345	26,043
J.C. Butler scholarship	7,075	6,738
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
	17,650,022	17,748,281
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	10,295,990	10,399,606
Increment/(decrement) in investment properties	42,182	(103,616)
Balance at the end of the year	10,338,172	10,295,990
Ellis Estate endowment		
Balance at start of the year	7,001,361	7,197,745
Increment/(decrement) in investment properties	(142,080)	(196,384)
Balance at the end of the year	6,859,281	7,001,361
Yallum endowment		
Balance at the start of the year	26,043	24,803
Interest income	1,302	1,240
Balance at the end of the year	27,345	26,043

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

	2015 \$	2014 \$
NOTE 10: ENDOWMENT FUNDS (continued)		
Movement in Endowment Funds (continued)		
J.C. Butler scholarship		
Balance at the start of the year	6,738	6,418
Interest income	337	320
Balance at the end of the year	7,075	6,738
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
The income from but not the capital of endowment funds can be used for the operations of Children Australia Inc.		
NOTE 11: ASSET REVALUATION RESERVE		
The asset revaluation reserve records revaluations of land and buildings.		
NOTE 12: FINANCIAL ASSET VALUATION RESERVE		
The financial asset valuation reserve records the change in market value of managed funds.		
NOTE 13: OPERATING LEASE COMMITMENTS		
Operating leases relating to the motor vehicle fleet and office rentals.		
Payable		
- not later than one year	597,939	852,079
- later than one year but not later than five years	460,500	450,758
	1,058,439	1,302,837
Level 3, 150 Albert Rd South Melbourne		
The property is a lease with a 3 year term with no further options, this term expires on 31 May 2018.		
The reinstatement costs in the future are estimated to be \$25,000 .		
356-358 Highett Rd, Highett		
The property is a lease with a 3 year term, with two 3 year options, this term expires on 31 October 2017.		
The reinstatement costs in the future are estimated to be \$2,000.		
Level 2 and Level 3, 454-472 Nepean Hwy, Frankston		
The property is a lease with a 3 year term, with one further 3 year option, this term expires on 28 February 2017. Contingent provisions within the lease agreement require that the minimum lease payments shall increase annually by CPI.		
The reinstatement costs in the future are estimated to be \$10,000.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015
NOTE 13: OPERATING LEASE COMMITMENTS (continued)
Level 1, 47 Princes Hwy, Dandenong

The property is a lease with a 3 year term, with one further 3 year option, this term expires on 28 February 2016. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase annually by CPI. The reinstatement costs in the future are estimated to be \$10,000.

19 Jamieson Street, Warrnambool

The property is a lease with a 3 year term, with one further 3 year option, this term expires on 30 April 2016. Contingent rental provisions within the lease agreement require that the minimum payments shall increase annually by CPI. There are no reinstatement costs.

4 Gawler Street, Portland

The property is a lease with a 3 year term, with one further 3 year option, this term expires on 31 August 2015. Contingent rental provisions within the lease agreement require that the minimum payments shall increase annually by CPI. There are no reinstatement costs.

NOTE 14: CASH FLOW INFORMATION

		2015 \$	2014 \$
(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	3,130,131	112,246
Bank overdrafts		-	(7,266)
		<u>3,130,131</u>	<u>104,980</u>
(b) Bank Overdraft Facilities			
Bank overdraft facility			
- Used		-	-
- Unused		-	220,000

NOTE 15: 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.

	2015	2014
Financial Assets	\$	\$
Cash and cash equivalents	3,130,131	112,246
Term Deposits-held to maturity	1,082,901	3,634,013
Managed Portfolios- available for sale	18,414,672	16,118,320
Receivables	519,488	921,106
	<u>23,147,192</u>	<u>20,785,685</u>
Financial Liabilities		
Bank Overdrafts	-	7,266
Trade Payables	1,163,658	1,607,305
	<u>1,163,658</u>	<u>1,614,571</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015
NOTE 15: FINANCIAL RISK MANAGEMENT (continued)
(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 Directors 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 6 months, this therefore approximates fair value.

NOTE 16: RELATED PARTY TRANSACTIONS

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

Slate Consulting Pty Ltd was paid \$8,000 net of GST for advice and guidance on Disability Finance Processes. Jason Henham, former Treasurer, is the Managing Director of Slate Consulting Pty Ltd.

Michael Wootten, Treasurer, was paid \$3,000 for coaching executives prior to becoming a Board Member.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

	2015	2014
	\$	\$
Total Compensation	1,175,568	840,889

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Board of Directors, the association did not have any contingencies as at 30 June 2015 (30 June 2014: None).

NOTE 19: Non current asset classified as held for sale

Balance at beginning of the year	970,000	1,999,905
Asset Sales	(970,000)	(1,999,905)
Reclassification from property, plant and equipment	-	970,000
Balance at end of the year	-	970,000

The Non-current asset for sale relates to 54 Duerdin Street, Clayton, Victoria. Settlement of this property occurred on the 22nd of September 2014. There was no gain or loss made on the sale of this property.

NOTE 20: ASSOCIATION DETAILS
The registered office of the association is:

Children Australia Inc.
 Level 3, 150 Albert Road
 SOUTH MELBOURNE VIC 3205

Directors' Declaration

The directors of the association declare that:

1. The consolidated 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 Notforprofits 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 Notforprofits Commission Act 2012*; and
 - b) giving a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the association and consolidated group.
2. In the directors' 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 Directors/Committee and subsection 60.15(2) of the *Australian Charities and Notforprofits Commission Regulation 2013*.

Director:

President: Erica Frydenberg

Director:

Treasurer: Michael Wootten

Dated this 26th day of October 2015



Hayes Knight Audit
chartered accountants · your partners in success

Hayes Knight Audit Pty Ltd

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www.hayesknicht.com.au

Registered Audit Company 291969

Children Australia Inc.

ABN: 90 680 959 928

**Auditor's Independence Declaration to the Board Members of
Children Australia Inc.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit
Hayes Knight Audit Pty Ltd
Melbourne


Geoff S. Parker
Director

Dated this 26 day of OCTOBER 2015



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Registered Audit Company 291969

Children Australia Inc.

ABN: 90 680 959 928

Independent Auditor's Report to the Members of Children Australia Inc.

Report on the Financial Report

We have audited the accompanying financial report of Children Australia Inc., which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the Board.

Board Members' Responsibility for the Financial Report

The Board members of the association 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 (including Australian Accounting Interpretations), the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements and the *Australian Charities and Not-for-profits Commission Act 2012*.

An independent Member of the Hayes Knight Group and Morison International.

Liability limited by a scheme approved under Professional Standards Legislation.

Associated Offices : Adelaide | Auckland | Brisbane | Darwin | Melbourne | Perth | Sydney

Children Australia Inc.

ABN: 90 680 959 928

Independent Auditor's Report to the Members of Children Australia Inc.

Opinion

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

- (a) giving a true and fair view of the entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Hayes Knight Audit

Hayes Knight Audit Pty Ltd
Melbourne



Geoff S. Parker
Director

Dated this

26

day of

October

2015