



# FINANCIAL REPORT

2024 - 2025



**CHILDREN AUSTRALIA INC.**

**ABN 90 680 959 928**

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**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

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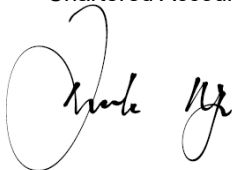
## Auditor's Independence Declaration

### To the Board of Management of Children Australia Inc

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Children Australia Inc for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



D G Ng  
Partner - Audit & Assurance

Melbourne, 28 October 2025

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CHILDREN AUSTRALIA INC.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

|   | Note      | 2025<br>\$         | 2024<br>\$        |
|---|-----------|--------------------|-------------------|
| <b>Revenue</b>                                      |           |                    |                   |
| Government grants and subsidies                     |           | 64,193,987         | 61,756,695        |
| Donations and fundraising activities                |           | 556,852            | 655,928           |
| Investment income                                   |           | 1,468,085          | 1,180,004         |
| Investment movements                                |           | 1,116,265          | 1,121,590         |
| Fees for service                                    |           | 851,910            | 1,591,004         |
| Other income  |           | 409,355            | 424,902           |
| <b>Total Revenue</b>                                | 2(a)      | <b>68,596,454</b>  | <b>66,730,123</b> |
| <b>Expenses</b>                                     |           |                    |                   |
| Operational costs                                   |           | 64,915,974         | 62,546,783        |
| Fundraising costs                                   |           | 22,829             | 25,036            |
| Administration costs                                |           | 2,574,545          | 2,894,542         |
| Finance costs                                       |           | 382,690            | 325,197           |
| Information technology costs                        |           | 1,367,084          | 1,197,800         |
| Property costs                                      |           | 352,820            | 355,451           |
| <b>Total Expenses</b>                               | 2(b)      | <b>69,615,942</b>  | <b>67,344,809</b> |
| <b>Net Operating Surplus/(Deficit) for the year</b> |           | <b>(1,019,489)</b> | <b>(614,686)</b>  |
| <b>Non Operating Revenue</b>                        |           |                    |                   |
| Increment on revaluation of investment properties   | 2(a),7(d) | 15,000             | 207,541           |
| Increment in endowment funds                        | 2(a)      | 53,476             | 66,478            |
| <b>Non Operating Surplus</b>                        |           | <b>68,476</b>      | <b>274,019</b>    |
| <b>Net Surplus/(Deficit) for the year</b>           |           | <b>(951,012)</b>   | <b>(340,667)</b>  |
| <b>Other Comprehensive Income</b>                   |           |                    |                   |
| Gain on revaluation of office buildings             | 7(c)      | 160,475            | -                 |
| <b>Other Comprehensive Surplus/(Deficit)</b>        |           | <b>160,475</b>     | <b>-</b>          |
| <b>Total Comprehensive Surplus/(Deficit)</b>        |           | <b>(790,537)</b>   | <b>(340,667)</b>  |

The surplus for the year includes a non-operating endowment fund surplus of \$53,476 (2024 Surplus of \$66,478). 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.

The accompanying notes form part of these financial statements.

CHILDREN AUSTRALIA INC.

Statement of Financial Position

As at 30 June 2025

|                                      | Note | 2025<br>\$        | 2024<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>Current Assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 3,5  | 1,437,894         | 4,728,284         |
| Receivables                          | 4,5  | 880,298           | 1,332,435         |
| Financial assets                     | 5    | 3,955,900         | 2,953,426         |
| Other assets                         | 6    | 838,837           | 736,366           |
| <b>Total Current Assets</b>          |      | <b>7,112,929</b>  | <b>9,750,511</b>  |
| <b>Non Current Assets</b>            |      |                   |                   |
| Financial assets                     | 5    | 18,763,128        | 17,672,818        |
| Property, plant and equipment        | 7    | 7,793,026         | 8,268,620         |
| Investment property                  | 7    | 4,955,000         | 4,940,000         |
| Other assets                         | 6    | 168,742           | 196,107           |
| Right of use assets                  | 7    | 5,530,831         | 7,826,198         |
| <b>Total Non Current Assets</b>      |      | <b>37,210,727</b> | <b>38,903,743</b> |
| <b>Total Assets</b>                  |      | <b>44,323,656</b> | <b>48,654,254</b> |
| <b>Current Liabilities</b>           |      |                   |                   |
| Provisions                           | 8    | 4,637,805         | 4,399,143         |
| Other liabilities                    | 10   | 2,454,073         | 3,286,120         |
| Payables                             | 5,9  | 4,047,473         | 4,802,453         |
| Right of use lease liabilities       | 13   | 2,295,210         | 2,117,470         |
| <b>Total Current Liabilities</b>     |      | <b>13,434,561</b> | <b>14,605,186</b> |
| <b>Non Current Liabilities</b>       |      |                   |                   |
| Provisions                           | 8    | 343,569           | 387,634           |
| Right of use lease liabilities       | 13   | 4,072,991         | 6,398,363         |
| <b>Total Non Current Liabilities</b> |      | <b>4,416,560</b>  | <b>6,785,997</b>  |
| <b>Total Liabilities</b>             |      | <b>17,851,121</b> | <b>21,391,183</b> |
| <b>Net Assets</b>                    |      | <b>26,472,535</b> | <b>27,263,071</b> |
| <b>Equity</b>                        |      |                   |                   |
| Endowment funds                      | 11   | 18,555,269        | 18,501,794        |
| Asset revaluation reserve            | 12   | 160,475           | -                 |
| Accumulated surplus/(deficit)        | 12   | 7,756,791         | 8,761,278         |
| <b>Total Equity</b>                  |      | <b>26,472,535</b> | <b>27,263,071</b> |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

As at 30 June 2025

|   | Endowment Funds   | Asset Revaluation Reserve | Accumulated Surplus (Deficit) | Total             |
|---|-------------------|---------------------------|-------------------------------|-------------------|
|   | \$                | \$                        | \$                            | \$                |
| <b>Balance at 30 June 2023</b>          | 18,435,315        | -                         | 9,168,423                     | 27,603,738        |
| Net operating surplus/(deficit)         | -                 | -                         | (340,667)                     | (340,667)         |
| Increment in endowment investment funds | 66,478            | -                         | (66,478)                      | -                 |
| <b>Balance at 30 June 2024</b>          | <b>18,501,794</b> | <b>-</b>                  | <b>8,761,278</b>              | <b>27,263,071</b> |
| Net operating surplus/(deficit)         | -                 | -                         | (951,012)                     | (951,012)         |
| Increment in office buildings           | -                 | 160,475                   | -                             | 160,475           |
| Increment in endowment investment funds | 53,476            | -                         | (53,476)                      | -                 |
| <b>Balance at 30 June 2025</b>          | <b>18,555,270</b> | <b>160,475</b>            | <b>7,756,791</b>              | <b>26,472,535</b> |

The accompanying notes form part of these financial statements.

# CHILDREN AUSTRALIA INC.

## Statement of Cash Flows

For the year ended 30 June 2025

|  | Note | 2025<br>\$                | 2024<br>\$                |
|--|------|---------------------------|---------------------------|
| <b>Receipts from customers</b>                 |      | 64,665,231                | 64,012,808                |
| Payments to suppliers, employees and others    |      | (66,428,652)              | (63,812,210)              |
| Donations and fundraising                      |      | 556,852                   | 655,928                   |
| Interest, dividends and distributions received |      | 1,548,272                 | 1,702,202                 |
| Other income                                   |      | 409,355                   | 424,902                   |
| ROU Interest and other interest paid           |      | <u>(366,257)</u>          | <u>(280,830)</u>          |
| <b>Net Cashflows from operating activities</b> |      | <b><u>384,801</u></b>     | <b><u>2,702,800</u></b>   |
| <br>   |      |                           |                           |
| Payments for property, plant and equipment     |      | (290,825)                 | (6,015,130)               |
| Payments for investments                       |      | (1,002,474)               | -                         |
| Proceeds from disposal of investments          |      | -                         | <u>3,655,326</u>          |
| <b>Net Cashflows from investing activities</b> |      | <b><u>(1,293,298)</u></b> | <b><u>(2,359,804)</u></b> |
| <br>   |      |                           |                           |
| Repayment of lease liability borrowings        |      | <u>(2,381,893)</u>        | <u>(1,995,758)</u>        |
| <b>Net Cashflows from financing activities</b> |      | <b><u>(2,381,893)</u></b> | <b><u>(1,995,758)</u></b> |
| <br>   |      |                           |                           |
| Net increase (decrease) in cash held           |      | (3,290,390)               | (1,652,762)               |
| Cash at the beginning of the year              |      | <u>4,728,284</u>          | <u>6,381,048</u>          |
| <b>Cash at the end of the financial year</b>   | 3    | <b><u>1,437,893</u></b>   | <b><u>4,728,284</u></b>   |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2025

**Note 1: Summary of Material Accounting Policy Information**

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, prepared with simplified disclosures for Tier 2 entities, in accordance with Australian Accounting Standards – AASB 1060 Simplified Disclosure Requirements, 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 Children Australia Inc'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 the 28th of October 2025 by the Board of Management.

**(a) Property, plant and equipment and Investment properties**

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

Investment properties which also include properties received from Endowments are held for long term investment purposes. Changes to fair values of the investment in these properties are recorded in the statement of profit or loss and other comprehensive income and as per AASB140 and are not depreciated. All tenant leases are on an arm's length basis.

All other fixed assets are depreciated over the useful lives of the assets commencing from the time the asset is held ready for use, using the straight-line basis. Assets under construction are classified as work-in-progress and are not depreciated until they are completed and ready for use. Work-in-progress is stated at cost, net of accumulated impairment losses. 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               | 2.5%        |
| Motor vehicles          | 20%         |
| Furniture and equipment | 10% - 33%   |
| Leasehold improvements  | 10% - 60%   |

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

**(b) Right of Use Assets**

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 commencement. 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. Right of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities. Children Australia Inc. 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.

**(c) Lease Liabilities**

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, Children Australia Inc. incremental borrowing rate. Lease payments are comprised 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.

**(d) Lease Terms**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to Children Australia Inc. operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. Children Australia Inc. reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

**(e) 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.

**(f) Revenue**

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

To determine when to recognise revenue, Children Australia Inc. follows a 5-step process:

1. Identify the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligations are satisfied.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

**(f) Revenue (continued)**

Revenue from the sale of goods and services is recognised at a point in time when Children Australia Inc. has despatched goods or provided the services, as this corresponds to the satisfaction of the performance obligation under the contract and the customer obtains control of the asset.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 Revenue from contracts with customers, with revenue recognised as these performance obligations are met. Income from philanthropic and other sources where the conditions of AASB15 are not met are accounted for under AASB1058 Income of Not-For-Profit Entities and recognised at the point of control of the funds if considered a contribution by owners.

Rental income is recognised when due and receivable. Donations and fundraising revenue are recognised when received.

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

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

**(g) Income tax**

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

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

Revenues, expenses, and assets from ordinary activities are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO'). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or part of the item of the expenses from ordinary activities. Receivables and payables are stated with the amount of GST included.

**(i) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*(i) Financial Assets*

Children Australia Inc.'s financial assets include cash and cash equivalents, accounts receivable, term deposits, equity and non-equity instruments.

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows characteristics and the Companies business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. On this basis, Children Australia Inc. has measured all financial assets other than the Managed portfolio and Shares at amortised cost.

*Subsequent measurement*

Children Australia Inc.'s financial assets at amortised cost are subsequently measured using the effective interest ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2025

### (i) Financial Assets (continued)

#### *Impairment of financial assets*

Children Australia Inc. recognises an allowance for expected credit losses ('ECLs') for all fee for service receivables. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Children Australia Inc. expects to receive, discounted at an approximation of the original effective interest rate.

For fee for service receivables and other receivables, Children Australia Inc. applied a simplified approach in calculating ECLs. Therefore, Children Australia Inc. does not track changes in credit risk, but instead recognised a loss allowance based on lifetime ECLs at each reporting date. Children Australia Inc. has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Children Australia Inc. considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Children Australia Inc. may also consider a financial asset to be in default when internal or external information indicates that Children Australia Inc. is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (ii) Financial Liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables as appropriate.

Children Australia Inc's financial liabilities include trade payables only.

#### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### (j) Fair Value

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

Fair value is the price Children Australia Inc. 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

**(k) 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.

**(l) Provisions**

Provisions are recognised when Children Australia Inc. has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, 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.

**(m) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(n) Comparative Figures**

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

**(o) Excess of current assets over current liabilities**

The Directors have prepared the accounts on the basis of a going concern for the following reasons:

As at 30 June 2025, Children Australia Inc. has a shortfall of current assets compared to current liabilities of \$6,321,632 (2024: \$4,854,674), and positive net assets of \$26,472,535 (2024: \$27,263,071) and access to investment funds classified as non-current financial assets of \$18,763,128 (2024: \$17,672,818).

There are no indications that the funding model from Government Departments would be adversely affected in a period of 12 months from the date of signing of the audit report.

On this basis, the directors are confident that Children Australia Inc. can meet its debts and obligation as and when they fall due.

**(p) 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 with a discount rate of 4.348% based on the RBA's 10-year rate for semi-annual coupon bonds.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

**(p) Critical Accounting Estimates and Judgments (continued)**

Performance obligations under AASB 15 Revenue from Contracts with Customers to identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised (Notes 2 and 10).

The fair value of investment properties can be measured via either the capitalisation method, the discounted cash flow approach, or by comparison to comparable sales. The fair value methodology which is used when valuing property assets via the capitalisation method requires significant assumptions to be made in respect of both sustainable net operating income and market capitalisation rate. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the balance sheet date or directors' valuation as disclosed in note 7.

Children Australia Inc. has entered into leases of premises and vehicles as disclosed in note 14. Management has applied the implicit borrowing rates of the individual leases to the calculations and reasonably certain lease terms.

**(q) Redress Scheme**

Children Australia Inc. is a member of the Australian Federal Government's Redress scheme for the survivors of Institutional Child Sexual Abuse. The scheme will operate for 10 years and provide support and financial redress to victims of sexual abuse within institutions until 30 June 2028. Children Australia Inc. welcomes and supports the National Redress Scheme, as recommended by the Royal Commission into Institutional Responses to Child Sexual Abuse, in acknowledging the harm caused and provide support to people who were sexually abused as children survivors while in the care of an institution.

## CHILDREN AUSTRALIA INC.

### Note 2: Operating Surplus/(Deficit)

|   | 2025              | 2024              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| (a) Revenue and other income                    |                   |                   |
| Operating activities                            |                   |                   |
| - government grants and subsidies               | 64,193,987        | 61,756,695        |
| - donations and fundraising activities          | 556,852           | 655,928           |
| - fees for service                              | 851,910           | 1,591,004         |
| - other income                                  | 409,355           | 424,902           |
| - investment income                             | 1,468,085         | 1,180,004         |
| - market movement of investments                | 1,116,265         | 1,121,590         |
|   | <u>68,596,454</u> | <u>66,730,123</u> |
| Non-operating activities (fair value movements) |                   |                   |
| - David Pincus endowment funds                  | 53,476            | 66,478            |
| - investment property revaluation               | 15,000            | 470,150           |
| - endowment property revaluation                | -                 | (262,609)         |
|   | <u>68,476</u>     | <u>274,019</u>    |
| (b) Expenses                                    |                   |                   |
| Operating activities                            |                   |                   |
| - salaries and wages                            | 43,724,828        | 41,184,871        |
| - superannuation                                | 4,594,722         | 4,166,489         |
| - carer and client expenses                     | 9,884,348         | 10,389,325        |
| - outside professional services                 | 1,542,699         | 1,820,375         |
| - IT expenses                                   | 1,966,396         | 1,896,066         |
| - general operating expenses                    | 3,923,436         | 3,966,110         |
| - rental expense and operating leases           | 295,981           | 584,567           |
| - finance costs                                 | 382,690           | 325,197           |
| - depreciation expense                          | 917,718           | 835,773           |
| - amortisation expense                          | 2,030,305         | 1,820,585         |
| - property costs                                | 352,821           | 355,452           |
|   | <u>69,615,942</u> | <u>67,344,809</u> |

### Note 3: Cash and Cash Equivalents

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Cash on hand (non interest bearing) | 348,090          | 3,436,013        |
| Cash at bank (interest bearing)     | 1,089,804        | 1,292,271        |
|                                     | <u>1,437,894</u> | <u>4,728,284</u> |

Cash is on hand or available on demand.

Interest rates are variable and reflect current market rates.

Cash that forms part of the investment portfolio is classified as a non-current asset in accordance with accounting policy note 1 (i).

## CHILDREN AUSTRALIA INC.

### Note 4: Receivables

|                                    | 2025           | 2024             |
|------------------------------------|----------------|------------------|
|                                    | \$             | \$               |
| <b>Current</b>                     |                |                  |
| Trade debtors                      | 518,614        | 765,132          |
| Provision for expected credit loss | -              | -                |
| Sundry debtors                     | 350,194        | 565,418          |
| Books                              | 11,490         | 1,885            |
|                                    | <u>880,298</u> | <u>1,332,435</u> |

### Note 5: Financial Assets

Financial instruments of Children Australia Inc. consist mainly of deposits with banks, short-term and long-term investments, receivables and payables, and loan liabilities. The carrying amounts for each category of financial instruments is as follows:

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Financial assets at amortised cost</b>                           |                   |                   |
| Cash and cash equivalents   | 1,437,894         | 4,728,284         |
| Term deposits   | 3,955,900         | 2,953,426         |
| Trade receivables and other receivables                             | 880,298           | 1,332,435         |
| <b>Total financial assets at amortised cost</b>                     | <u>6,274,092</u>  | <u>9,014,146</u>  |
| <b>Financial assets at fair value through profit and loss</b>       |                   |                   |
| Managed Portfolios  | *                 | 18,763,128        |
| <b>Total Financial assets at fair value through Profit and Loss</b> |                   | <u>17,672,818</u> |
|   | <u>18,763,128</u> | <u>17,672,818</u> |
| * Financial assets per the financial statements                     | 18,763,128        | 17,672,818        |
| <br><i>Financial Liabilities</i>                                    |                   |                   |
| <b>Financial liabilities measured at amortised cost</b>             |                   |                   |
| Payables  | 4,047,473         | 4,802,453         |
| <b>Total financial liabilities</b>                                  | <u>4,047,473</u>  | <u>4,802,453</u>  |

## CHILDREN AUSTRALIA INC.

### Note 6: Other Assets

|                     | 2025           | 2024           |
|---------------------|----------------|----------------|
|                     | \$             | \$             |
| <b>Current</b>      |                |                |
| Current prepayments | 838,837        | 736,366        |
|                     | <b>838,837</b> | <b>736,366</b> |
| <b>Non-Current</b>  |                |                |
| Security deposits   | 168,742        | 196,107        |
|                     | <b>168,742</b> | <b>196,107</b> |

### Note 7: Investment Property and Property, Plant and Equipment

|  |                  |                  |
|--|------------------|------------------|
| <b>(a) Investment property</b>                     |                  |                  |
| Land and buildings at independent valuation        | 3,855,000        | 3,840,000        |
| Endowment properties at independent valuation      | 1,100,000        | 1,100,000        |
| <b>Total Investment properties</b>                 | <b>4,955,000</b> | <b>4,940,000</b> |
| <b>(b) Service property, plant and equipment</b>   |                  |                  |
| Buildings  | 4,356,924        | -                |
| less accumulated depreciation                      | (95,714)         | -                |
|  | <b>4,261,210</b> | -                |
| Motor vehicles at cost                             | 85,160           | 85,160           |
| less accumulated depreciation                      | (85,160)         | (85,160)         |
|  | -                | -                |
| Furniture and fittings at cost                     | 4,046,384        | 2,841,285        |
| less accumulated depreciation                      | (2,440,765)      | (2,347,367)      |
|  | <b>1,605,619</b> | <b>493,918</b>   |
| Leasehold improvements                             | 4,729,990        | 4,687,242        |
| less accumulated amortisation                      | (2,803,793)      | (2,293,345)      |
|  | <b>1,926,197</b> | <b>2,393,897</b> |
| Work in progress                                   | -                | <b>5,380,805</b> |
| <b>Total service property, plant and equipment</b> | <b>7,793,026</b> | <b>8,268,620</b> |

In March 2024, Children Australia Inc. completed the purchase of a newly constructed national support office located at Level 4 22 Kings Place South Melbourne VIC 3205. The purchase price was \$4,196,436 excluding GST. As of 30 June 2024, the office was still undergoing fit-out, and the Work in Progress balance reflected costs associated with the purchase, as well as the installation of fittings, furniture, and equipment. An additional \$127,482 excluding GST was paid in July and August 2024, with a 5% cash retention of \$44,528 excluding GST scheduled for payment in August 2025. The office became operational in August 2024.

| (c) Property Plant and Equipment | Opening          | Reclassify  | Additions      | Disposals      | Depreciation/<br>Amortisation | Revaluation    | Closing balance  |
|----------------------------------|------------------|-------------|----------------|----------------|-------------------------------|----------------|------------------|
|                                  | balance          |             |                |                | Expense                       |                |                  |
|                                  | \$               | \$          | \$             | \$             | \$                            | \$             | \$               |
| Buildings                        | -                | 4,196,436   | 13             | -              | (95,714)                      | 160,475        | 4,261,210        |
| Furniture & Fittings             | 493,918          | 1,184,369   | 244,719        | -              | (317,387)                     | -              | 1,605,619        |
| Leasehold Improvements           | 2,393,896        | -           | 46,092         | (1,629)        | (512,163)                     | -              | 1,926,197        |
| Work in Progress                 | 5,380,805        | (5,380,805) | -              | -              | -                             | -              | -                |
| <b>TOTAL</b>                     | <b>8,268,619</b> | <b>-</b>    | <b>290,825</b> | <b>(1,629)</b> | <b>(925,264)</b>              | <b>160,475</b> | <b>7,793,026</b> |

| (d) Investment property # | Opening          | Reclassify | Additions | Disposals | Depreciation/<br>Amortisation | Revaluation   | Closing balance  |
|---------------------------|------------------|------------|-----------|-----------|-------------------------------|---------------|------------------|
|                           | balance          |            |           |           | Expense                       |               |                  |
|                           | \$               | \$         | \$        | \$        | \$                            | \$            | \$               |
| Land & Buildings          | 3,840,000        | -          | -         | -         | -                             | 15,000        | 3,855,000        |
| Endowment properties      | 1,100,000        | -          | -         | -         | -                             | -             | 1,100,000        |
| <b>TOTAL</b>              | <b>4,940,000</b> | <b>-</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>                      | <b>15,000</b> | <b>4,955,000</b> |

# All Investment properties were subject to independent valuations in 2025 - Note 1(a)

|                                   |                  |
|-----------------------------------|------------------|
| Ellis Estate endowment property   | 349,811          |
| Emerald Hill endowment property   | 750,189          |
| <b>Total Endowment properties</b> | <b>1,100,000</b> |

| (e) Right of Use Assets | Opening          | Reclassify | Additions      | Disposals        | Amortisation       | Revaluation | Closing balance  |
|-------------------------|------------------|------------|----------------|------------------|--------------------|-------------|------------------|
|                         | balance          |            |                |                  |                    |             |                  |
|                         | \$               | \$         | \$             | \$               | \$                 | \$          | \$               |
| ROU - Property          | 7,155,911        | -          | -              | (878,964)        | (1,563,696)        | -           | 4,713,252        |
| ROU - Motor Vehicles    | 670,287          | -          | 613,901        | -                | (466,609)          | -           | 817,579          |
| <b>TOTAL</b>            | <b>7,826,198</b> | <b>-</b>   | <b>613,901</b> | <b>(878,964)</b> | <b>(2,030,305)</b> | <b>-</b>    | <b>5,530,831</b> |

## Note 8: Provisions

|                         | 2025             | 2024             |
|-------------------------|------------------|------------------|
|                         | \$               | \$               |
| <b>Current</b>          |                  |                  |
| Employee benefits       | 4,637,805        | 4,399,143        |
|                         | <u>4,637,805</u> | <u>4,399,143</u> |
| <b>Non-Current</b>      |                  |                  |
| Employee benefits       | 343,569          | 387,634          |
|                         | <u>343,569</u>   | <u>387,634</u>   |
| <b>Total Provisions</b> | <u>4,981,374</u> | <u>4,786,776</u> |

As endorsed by the board, Children Australia Inc. implemented a policy in May 2024 granting one week of additional leave for every five years of continuous service. The policy was applied retrospectively with leave entitlements calculated from each employee's original hire date. As of 30 June 2025, the provision for recognition of service leave amounted to \$248,663 as a current liability and \$150,171 as a non-current liability.

## Note 9: Payables

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Trade payables                       | 2,067,715        | 2,792,764        |
| Sundry payables and accrued expenses | 1,979,758        | 2,009,689        |
| <b>Total Payables</b>                | <u>4,047,473</u> | <u>4,802,453</u> |

## Note 10: Other Liability

|                                | Opening balance  | Revenue deferred  | Revenue recognised  | Closing balance  |
|--------------------------------|------------------|-------------------|---------------------|------------------|
|                                | \$               | \$                | \$                  | \$               |
| Deferred Income                | 2,262,254        | 68,041,987        | (68,979,761)        | 1,324,479        |
| Funds Refundable               | 1,023,866        | 1,401,476         | (1,295,748)         | 1,129,594        |
| <b>Total Other Liabilities</b> | <u>3,286,120</u> | <u>69,443,463</u> | <u>(70,275,509)</u> | <u>2,454,073</u> |

Note 11: Endowment Funds

|                                | 2025              | 2024              |
|--------------------------------|-------------------|-------------------|
|                                | \$                | \$                |
| General Endowment              | 179,398           | 179,398           |
| Emerald Hill Endowment         | 10,692,518        | 10,692,518        |
| Ellis Estate Endowment         | 7,108,640         | 7,108,640         |
| Yallum Endowment               | 30,148            | 30,148            |
| J.C. Butler Scholarship        | 7,800             | 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           |
| David Pincus Endowment         | 298,014           | 244,539           |
|                                | <u>18,555,269</u> | <u>18,501,794</u> |

**Movement in Endowment Funds**

**David Pincus Endowment**

|   |                |                |
|---|----------------|----------------|
| Balance at the start of the year          | 244,539        | 178,061        |
| Additional Contribution Less Scholarships | 53,476         | 66,478         |
| Balance at the end of the year            | <u>298,014</u> | <u>244,539</u> |

The income from but not the capital of endowment funds can be used for the operations of Children Australia Inc. unless the endowment specifies other terms.

Note 12: Accumulated Surpluses

|   |                    |                  |
|---|--------------------|------------------|
| Retained surplus at the beginning of the financial year                               | 8,761,278          | 9,168,423        |
| Net operating surplus/(deficit) for the year<br>excluding movement in endowment funds | <u>(1,004,488)</u> | <u>(407,144)</u> |
| Retained surplus at the end of the financial year                                     | <u>7,756,791</u>   | <u>8,761,278</u> |

**Note 13: Right of Use Lease Commitments**

Under AASB 16, all leases are accounted under a single on-balance sheet model. Other than short-term leases of less than twelve months and leases of low-value assets, there is a recognition of right-of-use (ROU) assets and corresponding lease liabilities in the statement of financial position. Straight line operating lease expense recognition is replaced with a depreciation charge for the ROU assets and an interest expense on remaining lease liabilities (including finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

|  | 2025             | 2024             |
|--|------------------|------------------|
|  | \$               | \$               |
| Right of Use Lease Liabilities Payable |                  |                  |
| - not later than one year              | 2,295,210        | 2,117,470        |
| - later than one year                  | 4,072,991        | 6,398,363        |
|  | <u>6,368,202</u> | <u>8,515,833</u> |

Children Australia Inc. holds a notable lease for an office located at 4/14 Mason Street Dandenong VIC 3175. The annual lease payment is \$484,748 excluding GST with a fixed yearly increase of 3.5%. The lease is set to expire on 30 November 2027 with an option to renew for an additional 4 years. Children Australia Inc. also has another significant lease for an office at 20 Davey Street Frankston VIC 3199 which includes 24 exclusive car parking spaces. The annual lease payment is \$454,240 excluding GST with a fixed yearly increase of 3.5%. The lease expires on 9 December 2028 with a renewal option for an additional 5 years.

Operating leases with a term of less than 12 months from the date of initial application are treated as short-term leases.

**Note 14: Financial Risk Management****(a) Financial Risk Management Policies**

Children Australia Inc.'s financial instruments consist mainly of deposits with banks, long term investments that comprise of Australian fixed interest, cash management accounts, accounts receivable, accounts payable and managed funds.

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Financial Assets</b>                |                   |                   |
| Cash and cash equivalents              | 1,437,894         | 4,728,284         |
| Term deposits-held to maturity         | 3,955,900         | 2,953,426         |
| Managed Portfolios- available for sale | 18,763,128        | 17,672,818        |
| Receivables                            | 880,298           | 1,332,435         |
|  | <u>25,037,220</u> | <u>26,686,964</u> |
| <b>Financial Liabilities</b>           |                   |                   |
| Payables                               | 4,047,473         | 4,802,453         |
| Funds refundable                       | 1,129,594         | 1,023,866         |
|  | <u>5,177,067</u>  | <u>5,826,319</u>  |

**(b) Net Fair Values**

For equities held in managed portfolios their fair value is based on closing quoted bid prices at the end of the reporting period. In determining the fair values of the unlisted shares, the Board of Management have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

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

**Note 15: Related Party Transactions**

Board member, Catherine Dunlop is a partner at Maddocks Lawyers. Maddocks Lawyers were paid \$38,959.47 including GST for legal services in the 2025 financial year. All transactions were undertaken on commercial terms on an arm's length basis.

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

**Note 16: Key Management Personnel Compensation**

The aggregate compensation made to directors and other members of key management personnel of the association is set out below:

|                        | <b>2025</b>             | <b>2024</b>             |
|------------------------|-------------------------|-------------------------|
|                        | <b>\$</b>               | <b>\$</b>               |
| Aggregate Compensation | <u><b>1,616,209</b></u> | <u><b>1,625,020</b></u> |

**Note 17: Auditors Remuneration**

Audit and review services by Grant Thornton Australia

|  |                      |                      |
|--|----------------------|----------------------|
| Audit and review of the Financial Statements | <u><b>47,250</b></u> | <u><b>45,320</b></u> |
|--|----------------------|----------------------|

**Note 18: Events after the Reporting Period**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of Children Australia Inc., the results of those operations, or the state of affairs of Children Australia Inc. in subsequent financial years.

**Note 19: Comments and Contingent Liabilities**

Children Australia Inc. is in the process of defending civil Redress actions brought against it. It has made appropriate provisions to defend these allegations and are of the opinion that these are sufficient to cover any potential findings. Accordingly, the probability of any further material adverse financial exposure in this regard is considered unlikely.

Children Australia Inc. holds three bank guarantees with Bendigo Bank. The first guarantee, associated with the property lease at 4/14 Mason Street Dandenong VIC 3175 has a limit of \$115,135.90 and is set to expire on 30 November 2027. The second one, linked to the office lease of 7S Second Floor 270 Lahrs Road Ormeau QLD 4208, has a limit of \$28,221 and will expire on 1 October 2033. The third one, for the lease of Suite 1 Grand Floor 38 Prince Street Blacktown NSW 2148, has a limit of \$35,257.75 that will expire on 31 December 2025. These guarantees are secured by term deposits totalling \$268,356.90.

Additionally, Children Australian Inc. has a business market rate loan facility (interest only) with Bendigo Bank with a limit of \$4,000,000. This facility is active until 27 March 2027. The facility is secured by the association's properties located at 947 Nepean Highway Mornington VIC 3931, 94 Thompson Street Hamilton VIC 3300, and 401/8 Palmerston Crescent (also known as Level 4 22 Kings Place) South Melbourne VIC 3205.

## CHILDREN AUSTRALIA INC.

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### Note 20: Economic Dependence

Children Australia Inc. is dependent on a number of Government agencies for the majority of its revenue used to operate the business. At the date of this report the Board of Management has no reason to believe that these Government agencies will not continue to support Children Australia Inc.

### Note 21: Association Details

The registered office and principal place of business of Children Australia Inc. is:

Level 4, 22 Kings Place

South Melbourne VIC 3205

CHILDREN AUSTRALIA INC.

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Board of Management Declaration

Children Australia Inc.

ABN: 90 680 959 928

The board of management of Children Australia Inc. declare that:

1. The attached financial statements and notes of Children Australia Inc., are in accordance with the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012 including:

a. giving a true and fair view of the association's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and

b. complying with Australian Accounting Standards Simplified Disclosure Requirements (including the Australian Accounting Interpretations), the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-Profits Commission Act 2012.

2. 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 made pursuant to subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2022.



.....

President: Helen Maxwell-Wright



.....

Treasurer: Michael Wootten

Dated this 28th day of October 2025

## Independent Auditor's Report

### To the Members of Children Australia Inc

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Children Australia Inc (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and the Board of Management declaration.

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

- a giving a true and fair view of the Registered Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

##### 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 Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Information Other than the Financial Report and Auditor's Report Thereon**

The Board of Management are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

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

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

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

### **Responsibilities of the Board of Management for the financial report**

The Board of Management of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Board of Management are responsible for overseeing the Registered 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:

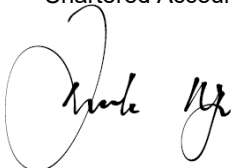
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.

- Conclude on the appropriateness of the Board of Management's 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 Registered 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 Registered 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 those charged with governance 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 our audit.

*Grant Thornton*

Grant Thornton Audit Pty Ltd  
Chartered Accountants



D G Ng  
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Melbourne, 28 October 2025



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