Financial Report

TLC for Kids Inc

ABN 34 335 920 537

For the year ended 30 June 2018

Contents

Responsible Persons Report

Responsible Persons
The names of Responsible Persons in office at any time during or since the end of the year are:

Name	Meetings Attended	Meetings Held*
Ralph Alphonso	7	7
Gillian Baker	6	7
Debbie Bau	4	7
Michael Davey	6	6
Danielle Hogan	4	6
Timothy Conolan (Secretary)	7	7
Sarah Gale	7	7
Zoe Gladio	1	7
Michael Luddeni	7	7
Anton Mihoc (Treasurer)	6	7
Andrew Schepisi (Chairperson)	7	7

*Meetings held during the tenure of the Responsible Persons

Principal Activities
The principal activities of the association during the financial year were the provision of family and children based services.

Significant Changes
No significant changes in the association's state of affairs occurred during the financial year, which are not highlighted in this report.

Operating Result
The net surplus after providing for income tax amounted to $45,400 (2017: net surplus $140,378).

Indemnification of Officer

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the association.

During or since the end of the previous financial year, a Member of the Association has not received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Members shown in the accounts, or the fixed salary of a full-time employee of the Association), by reason of a contract made by the Member with the Association or with a firm of which he/she is a member or with a entity in which he/she has a substantial interest.

Likely developments in the operations of the association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the association.

Responsible Persons Report

The association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No person has applied for leave of a Court to bring proceedings on behalf of the association or intervene in any proceedings to which the association is a party for the purpose of taking responsibility on behalf of the association for all or any part of those proceedings.

The association was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Responsible Persons.

Chairperson - Andrew Schepisi
Dated 29 November 2018

Treasurer - Anton Mihoc
Dated 29 November 2018

Statement of Income and Expenditure

TLC for Kids Inc

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Revenue		1,333,706	1,290,807
Gain on Disposal of Investments		62,383	-
Donations In-Kind	10	-	77,182
Cost of Sales		(582,124)	(506,179)
Employee Benefits Expenses		(523,882)	(476,192)
Depreciation and Amortisation		(7,229)	(6,986)
Service Program Expenses		(91,575)	(163,355)
Other Expenses		(116,802)	(110,284)
Surplus before Income Tax		**74,477**	**104,993**
Income Tax Expenses		-	-
Net Surplus from Operations		**74,477**	**104,993**
Movement in market value of investments		(29,077)	35,385
Total Surplus and Other Comprehensive Income for the Year		**45,400**	**140,378**

The accompanying notes form part of these financial statements

Statement of Financial Position

TLC for Kids Inc
As at 30 June 2018

	Note	2018	2017
		$	**$**
Current Assets			
Cash and Cash Equivalents	2	286,837	192,604
Trade and Other Receivables	3	60,925	26,689
Total Current Assets		347,762	219,293
Non-Current Assets			
Share Investments		64,385	138,462
Plant and Equipment	4	31,253	31,340
Intangible Assets	5	212,959	12,801
Total Non-Current Assets		308,597	182,603
Total Assets		**656,359**	**401,896**
Current Liabilities			
Trade and Other Payables	6	41,417	17,304
Provisions	7	105,875	120,924
Borrowings		33,807	-
Total Current Liabilities		181,099	138,228
Non-Current Liabilities			
Borrowings		166,193	-
Total Non-Current Liabilities		166,193	-
Total Liabilities		**347,292**	**138,228**
Net Assets		**309,067**	**263,667**
Equity			
Accumulated Surplus	8	309,067	263,667
Total Equity		**309,067**	**263,667**

The accompanying notes form part of these financial statements

Statement of Changes in Equity

TLC for Kids Inc

For the year ended 30 June 2018

	Retained Surplus $	Total $
Balance at 1 July 2016	123,289	123,289
Surplus attributable to the Association	140,378	140,378
Balance as at 30 June 2017	**263,667**	**263,667**
Balance at 1 July 2017	263,667	263,667
Surplus attributable to the Association	45,400	45,400
Balance as at 30 June 2018	**309,067**	**309,067**

The accompanying notes form part of these financial statements

Statement of Cash Flows

TLC for Kids Inc

For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Receipts from Fundraising and Donations		1,307,129	1,255,051
Payments to Suppliers and Employees		(1,312,986)	(1,239,545)
Net Cash (Outflow)/Inflow from Operating Activities	9	(5,857)	15,506
Cash Flows from Investing Activities			
Payments for Property Plant and Equipment		(5,804)	(604)
Payments for Intangible Assets		(201,488)	-
Proceeds from Sale of Shares		107,383	-
Net Cash (Outflow) from Investing Activities		(99,909)	(604)
Cash Flows from Financing Activities			
Loans Received		200,000	-
Net Cash Inflow from Financing Activities		200,000	-
Net Increase in Cash Held		94,233	14,902
Cash and Cash Equivalents at the beginning of the year		192,604	177,702
Cash and Cash Equivalents at the end of the year		286,837	192,604

The accompanying notes form part of these financial statements

Note 1 Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Reform Act 2012 (and its Associated Regulations) and the Australian Charities and Not for Profits Commission Act 2012. The Responsible Persons have determined that the association is not a reporting entity.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of -

AASB101: Presentation of Financial Statements;
AASB107: Statement of Cash Flows;
AASB108: Accounting Policies, Changes in Accounting Estimates and Errors; and
AASB1054: Australian Additional Disclosures.

No other Accounting Standards, Accounting Interpretations or other pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements have been prepared on an accruals basis and have been based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

a) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end.

i) Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

ii) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Note 1 Statement of Significant Accounting Policies (cont'd)

a) Plant and Equipment (cont'd)

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. Impairment exists when the carrying value of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. For the plant and equipment, impairment losses are recognised in the statement of income and expenditure. Any gain or loss arising on de-recognition of asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure.

b) Employee Entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Employee entitlements expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave, sick and other types of leave entitlements are recognised against profits on a net basis in their respective categories.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

c) Provisions

Provisions are recognised only 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 the outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the reporting date.

d) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the ‘effective interest rate method’, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income are recognised when the association obtains control over the funds which are generally at the time of the receipt.
All revenue is stated net of the amount of goods and services tax (GST).

Note 1 Statement of Significant Accounting Policies (cont'd)

e) Revenue and Other Income (cont'd)

Donations in-kind

TLC for kids receives "in-kind" services and goods (donated to the Rapid TLC program) from a number of individuals and organisations to enable it to achieve its objectives. TLC for kids recognises an expense and associated revenue for these 'in-kind' services in the notes of the financial report. The 'in-kind' services received are disclosed in note 10.

No amounts are included in the financial statements for services donated by volunteers.

f) Leases

Leases of PPE, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives, or the lease term. 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.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

h) Employee Benefits

Provisions are made for the association's liability for employee benefits arising from services rendered by employees to the statement of financial position. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

i) Accounts Receivable and Other Debtors

Receivables are carried at cost and recognised when the association has the right to receive the amount, it is probable that the economic benefits comprising the amount will flow to the company and the amount can be reliably measured. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occured at which point the impairment loss is recognised in income and expenditure statement. Collectibility of overdue accounts is assessed on an ongoing basis.

Note 1 Statement of Significant Accounting Policies (cont'd)

j) Accounts Payable and Other Payables

These amounts represent liabilities for goods and services provided to the association prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

k) Income Tax

No provision for income tax has been raised as the association is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. TLC for Kids Inc is endorsed as a Deductible Gift Recipient (DGR) under Section 30-15 of the Income Tax Assessment Act 1997.

l) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. When an accounting policy is applied retrospectively, retrospective restatement or reclassification of items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period is disclosed.

(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through statement of income and expenditure", in which case transaction costs are recognised as expenses in statement of income and expenditure immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in statement of income and expenditure.

Note 1 Statement of Significant Accounting Policies (cont'd)

(m) Financial Instruments (cont'd)

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

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in statement of income and expenditure through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in statement of income and expenditure through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

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

They are subsequently measured at fair value with any re-measurements 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 statement of income and expenditure.

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

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in statement of income and expenditure through the amortisation process and when the financial liability is derecognised.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2018

	2018 $	2017 $
Note 2 Cash and Cash Equivalents		
Cash at Bank	285,916	191,683
Cash on Hand	921	921
Total Cash and Cash Equivalents	286,837	192,604
Note 3 Trade and Other Receivables		
Current		
Accounts Receivable	9,700	5,070
Other Receivable	171	171
GST Refundable	49,068	19,621
Prepayments	1,986	1,827
Total Trade and Other Receivables	60,925	26,689
Note 4 Plant & Equipment		
Plant & Equipment	37,734	37,092
Less Accumulated Depreciation	30,584	28,956
	7,150	8,136
Motor Vehicles	29,831	29,905
Less Accumulated Depreciation	28,488	28,162
	1,343	1,743
Office Equipment & Computers	36,752	31,567
Less Accumulated Depreciation	30,021	27,916
	6,731	3,651
Leasehold Improvements	22,671	22,671
Less Accumulated Depreciation	6,642	4,861
	16,029	17,810
Total Plant & Equipment	31,253	31,340

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2018

	2018 $	2017 $
Note 5 Intangible Assets		
Trademarks		
Trademarks	16,105	16,105
Less Accumulated Amortisation	14,789	14,462
	1,316	1,643
Website Development Costs		
Website Development Costs	28,032	26,544
Less Accumulated Amortisation	16,389	15,386
	11,643	11,258
Appeals Office Database		
Appeals Office Databse Cost	200,000	-
Less Accumulated Amortisation	-	-
	200,000	-
Total Intangible Assets	212,959	12,801

Note 6 Trade and Other Payables

	2018 $	2017 $
Current		
Accounts Payable	366	1,388
PAYG Payable	4,577	3,753
Credit Cards	5,923	5,780
Superannuation Payable	2,643	6,154
Other Payables	27,908	229
Total Trade and Other Payables	41,417	17,304

Note 7 Provisions

	2018 $	2017 $
Current		
Provision for Audit Fees	-	4,400
Provision for Annual Leave	51,728	56,949
Provision for Long Service Leave - Current	54,147	59,575
Total Provisions	105,875	120,924

Note 8 Accumulated Surplus

	2018 $	2017 $
Accumulated Surplus at the Beginning of the Financial Year	263,667	123,289
Net Surplus/(Deficit) attributable to the Association	45,400	140,378
Accumulated Surplus at the End of the Financial Year	309,067	263,667

	2018 $	2017 $
Note 9 Cash Flow Information		
Reconciliation of cash flow from operations		
Net Surplus/(Deficit) for the year	45,400	140,378
Non-cash flows:		
Add: Depreciation	7,229	6,986
Donations paid via shares	-	(103,077)
Net (Surplus)/Loss on Fair Value Movements on Investments	29,077	(35,387)
Less: Net Surplus on Disposal of Investments	(62,383)	-
Changes in Net Assets and Liabilities:		
- (Increase)/Decrease in Receivables and Other Current Assets	(34,236)	6,943
- Increase in Payables	24,105	(6,479)
- Increase/(Decrease) in Provisions	(15,049)	6,142
Cash Flows from Operations	(5,857)	15,506

Note 10 Donations In-Kind

TLC for kids receives "in-kind" services and goods (donated to the Rapid TLC program) from a number of individuals and organisations to enable it to achieve its objectives. TLC for Kids has decided not to recognise an expense and associated revenue for these 'in-kind' services in the financial report for the year ended 30 June 2018, rather to disclose the 'in-kind' services received in note 10. No amounts are included in the financial statements for services donated by volunteers.

Donations in-kind received in 2018: $195,500
Donations in-kind received in 2017: $ 77,182

Note 11 Events Subsequent to Reporting Date

Since the end of the financial year there has been no material event or transaction, other than transactions already disclosed, that would affect the financial position and performance of the association at reporting date.

Note 12 Economic Dependence

During the year the association did not receive any grant from a Government department but received grants from other funding bodies. The other sources of revenue for the year were fundraising activities and donations. Management believes that future operations of the association depend on the continuation of these income sources.

Note 13 Contingencies

In the opinion of the Responsible Persons, the Association did not have any contingencies at 30 June 2018 (30 June 2017: None).

Note 14 Association Details

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

140A Dawson Street
Brunswick West, Victoria, 3055

Responsible Persons Declaration

TLC for Kids Inc

For the year ended 30 June 2018

We, Andrew Schepisi and Anton Mihoc, being the Responsible Persons' of TLC for kids Inc, declare that -

The attached financial statements and notes of the TLC for Kids Inc are in accordance with the Associations Incorporations Reform Act 2012 (and its Associated Regulations) and the Australian Charities and Not for Profits Commission Act 2012, including:

i. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date;

ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not for Profits Commission Regulation 2013;

iii. We attended the annual general meeting of the association on Wednesday 28th of November 2018; and

iv. The financial statements for the year ended 30 June 2018 will be submitted to the Responsible Persons at an extraordinary meeting to be held on Thursday 29th of November 2018.

There are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

Chairperson - Andrew Schepisi	Treasurer - Anton Mihoc
Dated 29 November 2018	Dated 29 November 2018

Independent Auditor's Report to the Responsible Persons of TLC for Kids Inc.

Report on the Audit of the Financial Report

We have audited the accompanying special purpose financial report of TLC for Kids Inc. ('*the Entity*'), which comprises the statement of financial position as at 30 June 2018, and the statements of surplus or deficit and other comprehensive income, statement of cash flows for the year then ended, a summary of significant accounting policies and the responsible persons' declaration of the Entity.

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

a) giving a true and fair view of the Entity's financial position as at 30 June 2018 and of its financial performance for the year 2018 ended; and
b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of 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 Entity in accordance with the auditor independence requirements of the ACNC Act, ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose.

The Responsible Persons' Responsibility for the Financial Report

The Responsible Persons are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The Responsible Persons' responsibility also includes such internal control as it determines is necessary to enable the preparation of a financial report that is fairly presented and is free from material misstatement, whether due to fraud or error.

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

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 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

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accounting policies used and the reasonableness of accounting estimates made by the Responsible Persons, as well as evaluating the overall presentation of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

- Conclude on the appropriateness of the responsible entities 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 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.

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.

PKF

PKF
Melbourne, 28 November 2018

Ken Weldin

Kenneth Weldin
Partner

Auditor's Independence Declaration to the Responsible Persons of TLC for Kids Inc.

In relation to our audit of the financial report of TLC for Kids Inc. for the financial year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

PKF | **Kenneth Weldin**

Melbourne, 28 November 2018 | **Partner**

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