



Financial Report

TLC for Kids Inc

ABN 34 335 920 537

For the year ended 30 June 2019

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Responsible Persons Report



Responsible Persons

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

<u>Name</u>	<u>Meetings Attended</u>	<u>Meetings Held*</u>
Michael Luddeni (Chairperson)	5	5
Michael Davey	3	5
Gillian Baker	5	5
Zoe Gladio (Co-Chair)	4	5
Timothy Conolan AM (Secretary)	5	5
Debbie Bau	4	5
Sarah Gale	3	5
Danielle Hogan	4	5
Andrew Schepisi	3	5
Ralph Alphonso	3	5
Anton Mihoc	3	5

*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 deficit after providing for income tax amounted to \$50,660 (2018: net surplus \$45,400).

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 an 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.

A handwritten signature in blue ink, appearing to read "Michael Luddeni".

Chairperson - Michael Luddeni
Dated 28 November 2019

A handwritten signature in blue ink, appearing to read "Timothy Conolan AM".

Secretary – Timothy Conolan AM
Dated 28 November 2019

Statement of Income and Expenditure

TLC for Kids Inc

For the year ended 30 June 2019

	2019	2018
	Note	
	\$	\$
Revenue	1,392,290	1,333,706
Gain on Disposal of Investments	-	62,383
Cost of Sales	(286,419)	(582,124)
Employee Benefits Expenses	(778,191)	(523,882)
Depreciation and Amortisation	(51,157)	(7,229)
Service Program Expenses	(122,621)	(91,695)
Loss on Disposal of Assets	(800)	-
Marketing Expenses	(41,328)	(28,052)
Other Expenses	(116,741)	(88,630)
Net Surplus from Operations	(4,967)	74,477
Movement in market value of investments	(45,693)	(29,077)
Surplus before Income Tax	(50,660)	45,400
Income Tax Expenses	-	-
Total Surplus and Other Comprehensive Income for the Year	(50,660)	45,400

The accompanying notes form part of these financial statements

Statement of Financial Position

TLC for Kids Inc

As at 30 June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	2	379,986	286,837
Trade and Other Receivables	3	12,095	60,925
Other Current Assets		1,157	-
Total Current Assets		393,238	347,762
Non-Current Assets			
Share Investments		18,692	64,385
Plant and Equipment	4	46,555	31,253
Intangible Assets	5	172,232	212,959
Total Non-Current Assets		237,479	308,597
Total Assets		630,717	656,359
Current Liabilities			
Trade and Other Payables	6	59,231	41,417
Provisions	7	130,005	105,875
Borrowings	13	40,971	33,807
Total Current Liabilities		230,207	181,099
Non-Current Liabilities			
Borrowings	13	142,103	166,193
Total Non-Current Liabilities		142,103	166,193
Total Liabilities		372,310	347,292
Net Assets		258,407	309,067
Equity			
Retained Surplus	8	258,407	309,067
Total Equity		258,407	309,067

The accompanying notes form part of these financial statements

Statement of Changes in Equity

TLC for Kids Inc

For the year ended 30 June 2019

	Retained Surplus \$	Total \$
Balance at 1 July 2017	263,667	263,667
Surplus attributable to the Association	45,400	45,400
Balance as at 30 June 2018	<u>309,067</u>	<u>309,067</u>
Balance at 1 July 2018	309,067	309,067
Deficit attributable to the Association	(50,660)	(50,660)
Balance as at 30 June 2019	<u>258,407</u>	<u>258,407</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows

TLC for Kids Inc

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Receipts from Fundraising and Donations		1,414,553	1,307,129
Payments to Suppliers and Employees		(1,277,141)	(1,312,986)
Net Cash (Outflow)/Inflow from Operating Activities	9	<u>137,412</u>	<u>(5,857)</u>
Cash Flows from Investing Activities			
Payments for Property Plant and Equipment		(26,319)	(5,804)
Payments for Intangible Assets		(492)	(201,488)
Proceeds from Sale of Property Plant and Equipment		500	-
Proceeds from Sale of Shares		<u>-</u>	<u>107,383</u>
Net Cash (Outflow) from Investing Activities		<u>(26,311)</u>	<u>(99,909)</u>
Cash Flows from Financing Activities			
Repayment of Loans		(37,692)	200,000
Proceeds from Borrowings		<u>19,740</u>	<u>-</u>
Net Cash Inflow from Financing Activities		<u>(17,952)</u>	<u>200,000</u>
Net Increase in Cash Held		<u>93,149</u>	<u>94,233</u>
Cash and Cash Equivalents at the beginning of the year		286,837	192,604
Cash and Cash Equivalents at the end of the year		<u>379,986</u>	<u>286,837</u>

The accompanying notes form part of these financial statements

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

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.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

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 at call 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).

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

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 are 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 fundraising and donations 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 reporting date. 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 expected credit losses is recognised when there is objective evidence that an impairment loss has occurred at which point the impairment loss is recognised in income and expenditure statement. Collectibility of overdue accounts is assessed on an ongoing basis.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

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) New and Amended Accounting Policies Adopted by the Association

Initial application of AASB 9: Financial Instruments

The association has adopted AASB 9: Financial Instruments with a date of initial application of 1 July 2018. There were no financial assets/liabilities which the association had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9

The association applied AASB 9 (as revised in July 2014) and the related consequential amendments to other Accounting Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 July 2018. The association has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the association's business model and the cash flow characteristics of the financial assets, as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
- all other debt investments and equity investments are measured at fair value through profit or loss.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

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

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The directors of the association determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- the association's investments in equity instruments held for trading that were previously classified as financial assets at fair value through profit or loss have been designated as at fair value through profit or loss, and
- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139: Financial Instruments: Recognition and Measurement). To reflect changes in credit risk, this expected credit loss model requires the association to account for expected credit losses since initial recognition.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The association reviewed and assessed the existing financial assets on 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

Classification and measurement of financial liabilities

AASB 9 determines that the classification and measurement of financial liabilities relates to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained surplus when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

The application of AASB 9 has had no impact on the classification and measurement of the association's financial liabilities.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

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

Impact of Standards issued but not yet applied by the Association

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019).

The association has chosen not to early-adopt AASB 1058 and AASB 15. However, the association has conducted a high-level assessment of the impact of these new Standards, as follows.

A core change of AASB 1058 and AASB 15 is that they shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an association receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the association to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the association satisfies its obligations under the transfer.

AASB 15 applies where there is an “enforceable” contract with a customer with “sufficiently specific” performance obligations that results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduced a five-step approach to revenue recognition that is far more prescriptive than AASB 118: Revenue.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 16 requires the association to bring most leases on-balance sheet, which will result in the recognition of a right of use asset and lease liability, for assets currently classified as an operating lease under AASB 118 Leases. As the lease liability will be carried at present value, an interest expense will arise over the duration of the lease term. The association will initially apply the new standard using the modified retrospective approach which requires no restatement of comparative information.

The association is still in the process of evaluating the impact of the above standards on the financial statements. AASB 15, AASB 1058 and AASB 16 will be applied by the association from their mandatory adoption date of 1 January 2019.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

	2019 \$	2018 \$
Note 2 Cash and Cash Equivalents		
Cash at Bank	379,065	285,916
Cash on Hand	<u>921</u>	<u>921</u>
Total Cash and Cash Equivalents	<u>379,986</u>	<u>286,837</u>
Note 3 Trade and Other Receivables		
Current		
Accounts Receivable	2,080	9,700
Other Receivable	174	171
GST Refundable	6,782	49,068
Prepayments	<u>3,059</u>	<u>1,986</u>
Total Trade and Other Receivables	<u>12,095</u>	<u>60,925</u>
Note 4 Plant & Equipment		
Plant & Equipment	38,069	37,734
Less Accumulated Depreciation	<u>32,220</u>	<u>30,584</u>
	5,849	7,150
Motor Vehicles	22,233	29,831
Less Accumulated Depreciation	<u>4,675</u>	<u>28,488</u>
	<u>17,558</u>	<u>1,343</u>
Office Equipment & Computers	40,505	36,752
Less Accumulated Depreciation	<u>31,783</u>	<u>30,021</u>
	<u>8,722</u>	<u>6,731</u>
Leasehold Improvements	22,671	22,671
Less Accumulated Depreciation	<u>8,245</u>	<u>6,642</u>
	<u>14,426</u>	<u>16,029</u>
Total Plant & Equipment	<u><u>46,555</u></u>	<u><u>31,253</u></u>

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

	2019 \$	2018 \$
Note 5 Intangible Assets		
Trademarks		
Trademarks	16,105	16,105
Less Accumulated Amortisation	<u>15,052</u>	<u>14,789</u>
	1,053	1,316
Website Development Costs		
Website Development Costs	28,523	28,032
Less Accumulated Amortisation	<u>17,344</u>	<u>16,389</u>
	11,179	11,643
Appeals Office Database		
Appeals Office Database Cost	200,000	200,000
Less Accumulated Amortisation	<u>40,000</u>	<u>-</u>
	160,000	200,000
Total Intangible Assets	<u><u>172,232</u></u>	<u><u>212,959</u></u>
Note 6 Trade and Other Payables		
Current		
Accounts Payable	8,258	366
PAYG Payable	5,914	4,577
Credit Cards	4,072	5,923
Superannuation Payable	13,319	2,643
Other Payables	<u>27,668</u>	<u>27,908</u>
Total Trade and Other Payables	<u><u>59,231</u></u>	<u><u>41,417</u></u>
Note 7 Provisions		
Current		
Provision for Audit Fees	-	-
Provision for Annual Leave	69,995	51,728
Provision for Long Service Leave - Current	<u>60,010</u>	<u>54,147</u>
Total Provisions	<u><u>130,005</u></u>	<u><u>105,875</u></u>
Note 8 Accumulated Surplus		
Accumulated Surplus at the Beginning of the Financial Year	309,067	263,667
Net Surplus/(Deficit) attributable to the Association	(50,660)	45,400
Accumulated Surplus at the End of the Financial Year	<u><u>258,407</u></u>	<u><u>309,067</u></u>

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

Note 9

Reconciliation of cash flow from operations

Net Surplus/(Deficit) for the year	(50,660)	45,400
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Non-cash flows:

Add: Depreciation	51,157	7,229
Donations paid via shares	-	-
Net Loss on Disposal of Property Plant Equipment	800	-
Net (Surplus)/Loss on Fair Value Movements on Investments	45,693	29,077
Less: Net Surplus on Disposal of Investments	-	(62,383)

Changes in Net Assets and Liabilities:

- (Increase)/Decrease in Receivables and Other Current Assets	19,813	(34,236)
- Increase in Payables and Other Current Liabilities	46,478	24,105
- Increase/(Decrease) in Provisions	24,131	(15,049)

Cash Flows from Operations

	137,412	(5,857)
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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 2019, 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 2019: \$263,125

Donations in-kind received in 2018: \$195,500

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.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

		2019 \$	2018 \$
Note 13 Borrowings			
Current			
Hire Purchase Liability	14	5,452	-
Less: Unexpired Interest	14	1,148	-
Total Hire Purchase Liability		<u>4,304</u>	<u>-</u>
ANZ Loan		36,667	33,807
Total Borrowings		<u>40,971</u>	<u>33,807</u>
Non - Current			
Hire Purchase Liability	14	17,265	-
Less: Unexpired Interest	14	1,829	-
Total Hire Purchase Liability		<u>15,436</u>	<u>-</u>
ANZ Loan		126,667	166,193
Total Borrowings		<u>142,103</u>	<u>166,193</u>

Note 14 Capital and Leasing Commitments

(a) Finance Lease Commitments

Payable — minimum lease payments			
— not later than 12 months		5,452	-
— between 12 months and five years		17,265	-
— later than five years		<u>-</u>	<u>-</u>
Minimum lease payments		22,717	-
Less future finance charges		<u>2,977</u>	<u>-</u>
Present value of minimum lease payments		<u>19,740</u>	<u>-</u>

The finance lease on motor vehicle, which commenced in September 2018, is a 5 year lease.

Notes to Financial Statements

TLC for Kids Inc

For the year ended 30 June 2019

(b) Operating Lease Commitments

Being for rent of office

Payable — minimum lease payments

—	not later than 12 months	24,000	-
—	between 12 months and five years	96,000	-
—	later than five years	-	-

There were no operating leases contracted for but not recognised in the financial statements as at reporting date.

A new property lease has been entered into with a five-year term, with rent payable monthly in advance starting from 1 July 2019.

Note 15 Contingent Assets and Liabilities

In the opinion of the Responsible Persons, the Association did not have any material contingent assets and liabilities at 30 June 2019 (30 June 2018: None).

Note 16 Association Details

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

140 Dawson Street
 Brunswick, Victoria, 3056

Responsible Persons Declaration

TLC for Kids Inc

For the year ended 30 June 2019

We, Michael Luddeni and Timothy Conolan AM, 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 2019 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 in accordance with Note 1 to these financial statements;
- iii. We attended the annual general meeting of the association on Thursday 21st of November 2019; and
- iv. The financial statements for the year ended 30 June 2019 were submitted to the members of the association and the Responsible Persons at an extraordinary meeting held on Thursday 28th of November 2019.

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 - Michael Luddeni

Dated 28 November 2019



Secretary – Timothy Conolan AM

Dated 28 November 2019

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 2019, 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 2019 and of its financial performance for the year 2019 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 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.

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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
Melbourne, 29 November 2019



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 2019, 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

Melbourne, 29 November 2019



Kenneth Weldin

Partner

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