

KIDS THRIVE INC.

ABN 55 761 065 774

**FINANCIAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2019**

KIDS THRIVE INC.

CONTENTS

COMMITTEE'S REPORT	2
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF CHANGES IN EQUITY	6
NOTES TO THE FINANCIAL STATEMENTS	7
STATEMENT BY MEMBERS OF THE COMMITTEE	16
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS	17

COMMITTEE'S REPORT

The Committee members present this report of KIDS THRIVE INC for the financial year ended 31st December 2019.

Committee Members

Denise Rieniets LLB, Chair
Doug Bourne CPA, Treasurer
Dr Andrea Lemon PhD, Secretary
Andrea Rieniets
Janine Mahony Appointed at AGM 30th May 2019
Victor Del Rio Appointed at AGM 30th May 2019

PRINCIPAL ACTIVITIES

The principal activities of the association during the financial year were: to develop and deliver arts-based, human development and social justice programs and resources to support disadvantaged children aged 0-12 and their direct communities.

SIGNIFICANT CHANGES

No significant changes occurred in the nature of this activity during the year.

OPERATING RESULT

The Surplus for ordinary activities after providing for income tax amounted to: \$33,895.84, surplus for 2018 \$254.35.

Signed in accordance with a resolution of the members of the Committee

Denise Rieniets, Chair

Doug Bourne, Treasurer

KIDS THRIVE INC.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st December 2019

	NOTE	2019 \$	2018 \$
Income			
Interest Received		9,469.27	9,540.60
Schools Income		53,318.18	90,000.00
Grant Income	2	358,032.43	115,200.00
Donations		1,187.00	11,582.02
Partner Income		0	10,000.00
Charitable Trust Income	2	277,867.85	370,492.14
Grant Funds Carried Forward		(7,496.66)	(7,496.66)
Grant Funds Bought Forward		7,496.66	59,000.00
Surplus Sale of Assets		636.36	0
Total Income		700,511.09	658,318.10
Expenses			
Wages and Artist Program			
Design Fees		490,842.92	505,296.19
Wages Overheads		71,336.81	58,394.68
Marketing Costs		10,503.07	12,377.23
Student Grants		10,062.10	5,995.00
Delivery of Programs/Projects		26,106.50	15,650.53
Office Rent & Utilities		18,884.83	15,461.55
Fees and Charges		2.39	8.59
Depreciation		0	0
Audit Fee	3	3,000.00	3,000.00
Office Costs		35,876.63	41,879.98
Total Expenses		666,615.25	658,063.75
Surplus from ordinary activities before income tax		33,895.84	254.35
Income tax expense relating to ordinary activities		0	0
Net Surplus attributable to the association		33,895.84	254.35

KIDS THRIVE INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st December 2019

	2019 \$	2018 \$
Cash Flow from Operating Activities		
Receipts from Grants and Funding	752,186.00	618,774.16
Interest received	9,469.27	9,540.60
Payments to Suppliers & Employees	(710,846.47)	(526,171.10)
Net Cash Provided by Operating Activities	50,808.80	102,143.66
Cash Flow From Investing Activities		
Payments for Office Furniture & Equipment	0	0
Net Cash Flow From Investing Activities	0	0
Net Increase (decrease) in Cash held	50,808.80	102,143.66
Cash at Beginning of Year	538,554.47	436,410.81
Cash at End of Year	589,363.27	538,554.47

The above statement should be read in conjunction with the attached notes

KIDS THRIVE INC.
STATEMENT OF FINANCIAL POSITION
AS AT 31st December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	589,363.27	538,554.47
Trade and Other Receivables	5	6,600.00	0
Other Current Assets – Prepayments		4,773.59	1,794.00
TOTAL CURRENT ASSETS		600,736.86	540,348.47
NON-CURRENT ASSETS			
Property, Plant & Equipment	6	0	0
TOTAL NON-CURRENT ASSETS		0	0
TOTAL ASSETS		600,736.86	540,348.47
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		55,985.59	62,953.82
GST Liability		11,000.00	4,689.04
Funds Carried forward/Contract Liabilities	7	7,496.66	7,496.66
Provisions		44,750.11	28,591.01
Income in Advance	7	403,826.58	392,835.86
TOTAL CURRENT LIABILITIES		523,058.94	496,566.39
TOTAL LIABILITIES		523,058.94	496,566.39
NET ASSETS		77,677.92	43,782.08
EQUITY			
Retained Earnings		77,677.92	43,782.08
TOTAL EQUITY		77,677.92	43,782.08

The above statement should be read in conjunction with the attached notes

KIDS THRIVE INC.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st December 2019

	Retained Earnings	Total Equity
Balance at end of financial year 2017	43,527.73	43,527.73
Profit (Loss) attributable to members	254.35	254.35
Balance at end of financial year 2018	43,782.08	43,782.08
Profit (Loss) attributable to members	33,895.84	33,895.84
Balance at end of financial year 2019	77,677.92	77,677.92

The above statement should be read in conjunction with the attached notes

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

The financial statements cover KIDS THRIVE INC as an individual entity. It is a not-for-profit association incorporated in Victoria under the Associations Incorporation Reform Act 2012 and registered as a Charity under the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). It is a charitable institution and as such it is exempt from income tax.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are special purpose financial statements that have been prepared to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). The Committee has determined that the association is not a reporting entity.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

Reporting basis and conventions

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

Accounting Policies

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants and other Income that has performance requirements are recognised as income over the periods necessary to match the grant to the costs they are compensating. Any program funds not expended as at the end of the year is recognized in the balance sheet as a current liability. In prior years these have been referred to as Income carried forward the new revenue standards now refer to this carried forward Income as Contract Liabilities.

All revenue is stated net of the amount of Goods and Services Tax (GST).

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

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

Critical Accounting Estimates and Judgments

The Committee evaluate 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 trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number a key estimates.

No impairment has been recognised in respect of this financial year.

Income Taxation

The association is a charitable institution as such it is exempt from income tax.

Property, Plant and Equipment

Office Furniture and Equipment

Office Furniture and Equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over the estimated useful lives of the assets to the entity.

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

Depreciation

The depreciable amount of Office Furniture and Equipment are depreciated on a written down value (WDV) or a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entity, 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 the 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 lesser, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

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.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

As a not-for-profit entity the value in use of an asset may be equivalent to the depreciated replacement cost of that asset when the future economic benefits of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the current value of the expected eventual payment.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Unspent Grant Funds and Other Income/Contract Liabilities

Unspent Grant Funds available as revenue or liable to be returned to the grant provider in the following year are recognised as a current liability in the balance sheet. They are not treated as an operating surplus or profit.

NOTE 2 OPERATING REVENUE GRANTS

	2019	2018
Vic Health	0	20,000.00
Wyndham City Council	30,000.00	0
Department of Education Victoria	113,348.13	25,700.00
Department of Social Security	214,684.30	69,500.00
	358,032.43	115,200.00
CHARITABLE TRUSTS		
Sydney Myer Fund	52,762.69	36,332.07
Crown and Packer Foundations	0	85,828.00
WCFT Thomas Charitable Trust	29,303.62	0
William Buckland Foundation	53,186.61	70,000.00
News Boys Foundation	0	66,000.00
Helen McPherson Smith Trust	0	30,000.00
Collier Charitable Fund	0	20,000.00
Buckland Foundation	0	36,332.07
The Jack Brockoff Foundation	0	20,000.00
Give Where You Live	75,893.40	3,000.00
Geelong Community Foundation	36,809.03	3,000.00
Percy Baxter Charity	25,000.00	0
Vic Responsible Gambling Foundation	4,912.50	0
TOTAL	277,867.85	370,492.14

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

NOTE 3 REVENUE AND EXPENSE ITEMS

	2019	2018
Auditor's remuneration paid or payable to E Townsend & Co		
Audit of financial statements	2,200	2,200
Other Services – Preparing Financial Statements	800	800
	3,000	3,000
Bad and doubtful debts		
Trade Receivables	0	0
Total bad and doubtful debts	0	0
Rental expense on operating leases		
Operating Lease Minimum Lease Payment	17,923	13,471

NOTE 4 CASH AND CASH EQUIVALENTS

Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Current Assets

	2019	2018
	\$	\$
Cash at Bank –Trust Fund Account	108,008.88	146,808.91
Term Deposits	321,511.02	364,401.63
Petty cash	0	180.10
Cash at Bank –Business Ac	151.03	151.01
Cash at Bank –Trust Account	159,692.34	27,012.82
	589,363.27	538,554.47

NOTE 5 TRADE AND OTHER RECEIVABLES

Current

	2019	2018
Trade Debtors	6,600.00	0
Sundry Debtors	0	0
Less: Provision for Impairment of receivables	0	0
	6,600.00	0
Total current trade and other receivables	6,600.00	0

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

	2019 \$	2018 \$
NOTE 6 PROPERTY, PLANT AND EQUIPMENT		
Office Equipment – at cost	0	0
Less: Accumulated depreciation	0	0
Total Office Equipment	0	0
Furniture and Fittings – at cost	0	0
Less: Accumulated depreciation	0	0
Total Furniture and Fittings	0	0
TOTAL PROPERTY, PLANT AND EQUIPMENT	0	0
NOTE 7 FINANCIAL LIABILITIES		
Grant Funds Carried Forward	7,496.66	7,496.66
Income in advance	403,826.58	392,835.86
TOTAL	411,323.24	400,332.52
NOTE 8 CAPITAL AND LEASING COMMITMENTS		
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
- no longer than 1 year	17,923	13,471
- longer than 1 year but not longer than 5 years	0	0
- greater than 5 years	0	0
NOTE 9 CAPITAL AND LEASING COMMITMENTS		
Finance lease commitments		
Finance lease capitalised in the accounts		
Payable		
- no longer than 1 year	0	0
- longer than 1 year but not longer than 5 years	0	0
- greater than 5 years	0	0
Minimum lease payments		
Less future finance charges		
Total lease liability	0	0

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

	2019	2018
NOTE 9: Reconciliation of Net Cash Provided By (Used in) Operating Activities To Operating Profit	\$	\$
Operating Profit (loss) before Income Taxation	33,895.84	254.35
Add back depreciation	0	0
Changes in assets & Liabilities:		
(Increase)/Decrease in Receivables	(6,600.00)	70,000.00
(Increase)/ Decrease in Prepayments	(2,979.59)	2,384.25
Increase/(Decrease) in Accounts Payable	(6,968.23)	22,935.14
Increase/(Decrease) in Income in Advance	10,990.72	43,007.86
Increase /(Decrease) in Income carried forward /Contract Liabilities	0	(51,503.34)
Increase/(Decrease) in Employee Entitlements	16,159.10	15,919.00
Increase/(Decrease) in GST Liability	6,310.96	(853.60)
Net Cash Provided by (Used in) Operating Activities	50,808.80	102,143.66

KIDS THRIVE INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019

NOTE 10 CONTINGENT LIABILITIES & CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable are:

No contingent Liabilities or Assets exist at the year ended 31st December 2019 or the 31st December 2018 .

NOTE 11 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material non-adjusting events after the reporting date, nor has any information been received about conditions at reporting date that have not been included in this report.

NOTE 12 RELATED PARTY TRANSACTIONS

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date

Loans to / from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 13 ASSOCIATION DETAILS

The registered office of the association is: 222 Bank Street, South Melbourne Vic

The principal place of business is at the registered office.

KIDS THRIVE INC.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KIDS THRIVE INC

Opinion

I have audited the financial report of Kids Thrive Incorporated (the Entity) which comprises the Statement of Financial Position as at 31st December 2019 the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the declaration by those charged with governance.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Entity as at the 31st December 2019, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, to the extent described in Note 1, the Associations Incorporation Reform Act 2012 and Division 60 of the Australian Charities and Not-for-profits Commission regulation 2013.

Basis for Opinion.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Entity in accordance with the 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Association in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012 and the Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to or used by parties other than the Association. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines 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 management is responsible for assessing the 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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibility for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

KIDS THRIVE INC.

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 the basis for my 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 management.

Conclude on the appropriateness 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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists. I am required to draw attention in my auditor's report to the disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease or 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including deficiencies in internal control that I identify during my audit.

Name of firm E Townsend & Co

Name of Auditor Eric Townsend

Address 15 Taylor Street
Ashburton Vic 3147

Dated this

2020