



fka Children's Services Inc.
(An incorporated association in Victoria)
ABN 90 217 244 399

Annual financial report

For the year ended 30 June 2019

fka Children's Services Inc.

ABN 90 217 244 399

Annual financial report

For the year ended 30 June 2019

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fka Children's Services Inc.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Income			
Government grants	2	411,281	270,693
Contributions / donations	3	287,583	38,130
Membership fees		64,799	56,353
Sale of resources		359	5,217
Fee for service		91,444	107,368
Interest and dividends		18,200	8,097
Other income	4	23,224	31,115
Total income		896,890	516,973
Expenditure			
Employee benefits expense		432,951	480,401
Depreciation and amortisation		21,703	25,633
Program / project costs		92,948	22,095
Motor vehicle expenses		3,441	2,541
Occupancy costs		99,171	96,160
Equipment and ICT expenses		25,556	23,064
Administrative expenses		32,366	32,426
Other expenses		995	10,678
Total expenditure		709,131	692,998
Net result for the period		187,759	(176,025)
Other comprehensive income (expense)			
Net change in fair value of available-for-sale financial assets		18,395	-
Total other comprehensive income (expense)		18,395	-
Total comprehensive result for the period		206,154	(176,025)

The accompanying notes form part of these financial statements.

fka Children's Services Inc.
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	802,795	617,885
Receivables	6	66,800	18,035
Prepayments		8,045	7,698
Investments	7	126,768	-
Total current assets		1,004,408	643,618
Non-current assets			
Security deposits		21,364	21,175
Property, plant and equipment	8	22,044	17,228
Intangible assets	9	-	13,130
Total non-current assets		43,408	51,533
Total assets		1,047,816	695,151
Liabilities			
Current liabilities			
Payables	10	60,683	51,313
Provisions	11	47,715	31,122
Income received in advance	12	149,886	37,095
Total current liabilities		258,284	119,530
Non-current liabilities			
Provisions	11	16,595	8,838
Total non-current liabilities		16,595	8,838
Total liabilities		274,879	128,368
Net assets		772,937	566,783
Equity			
Reserves		518,395	500,000
Retained surplus		254,542	66,783
Total equity	13	772,937	566,783

The accompanying notes form part of these financial statements.

fka Children's Services Inc.
Statement of changes in equity
For the year ended 30 June 2019

	Note	Reserves \$	Retained surplus \$	TOTAL \$
Balance at 1 July 2017		500,000	242,808	742,808
Net result for the period			(176,025)	(176,025)
Balance at 30 June 2018		500,000	66,783	566,783
Net result for the period			187,759	187,759
Total other comprehensive income (expense) for the year		18,395		18,395
Balance at 30 June 2019	13	518,395	254,542	772,937

The accompanying notes form part of these financial statements.

fka Children's Services Inc.
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Government grants (inclusive of GST)		611,909	297,762
Contributions / donations		165,170	14,841
Fees and other trading receipts (inclusive of GST)		147,709	237,596
Payments to suppliers and employees (inclusive of GST)		(692,101)	(678,373)
Interest and dividends received		18,137	8,185
Net GST paid to ATO		(52,525)	(28,231)
Net cash used in operating activities	14	198,299	(148,220)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		(13,389)	-
Net cash used in investing activities		(13,389)	-
Net decrease in cash held		184,910	(148,220)
Cash and cash equivalents at beginning of year		617,885	766,105
Cash and cash equivalents at end of year	5	802,795	617,885

The accompanying notes form part of these financial statements.

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 1. Statement of significant accounting policies

The financial statements cover fka Children's Services Inc. ("fkaCS") as an individual entity. fkaCS is an association incorporated and domiciled in Victoria, operating under the *Associations Incorporation Reform Act 2012 (Victoria)*, and a registered charity with the Australian Charities and Not-for-profits Commission (ACNC).

Basis of preparation

The board of fkaCS has determined that the association is not a reporting entity because there are no users who rely on general purpose financial statements for financial information about the entity. These financial statements are therefore special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012 (Victoria)* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the Australian Accounting Standards applicable to a 'tier two association' under the *Associations Incorporation Reform Act 2012* and a 'medium registered entity' under the *Australian Charities and Not-for-profits Commission Act 2012*. fkaCS is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, apart from cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated.

Going concern

The financial year to 30 June 2019 was fkaCS's third year of adjusted operations following the expiry in June 2016 of Commonwealth Government block funding for the provision of bicultural support services. Refer *Note 17. Significant changes in operations* for additional information.

Given the changed circumstances, management has continued to pursue and secure alternative funding sources and adjust its activities accordingly, with the aim of moving towards a sustainable long-term structure. As a result, though operational risks remain, the board of fkaCS believes the entity has sufficient scope to continue to operate and effectively deliver its programs and services for the foreseeable future. The board have therefore prepared the financial statements on the 'going concern' basis and have concluded that the association can realise its assets and settle its liabilities and commitments as and when they fall due.

Accounting policies

The following material accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019 and the comparative information for the year ended 30 June 2018, unless otherwise stated.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the association and is measured at the fair value of the consideration received or receivable. Specific revenues are recognised as follows:

Grants are recognised as revenue when control of the underlying assets received or receivable has been obtained, unless there are conditions attached to grants relating to the specific use and timing of funds and/or which deliver economic value to the grant contributor in exchange, in which case revenue is deferred and first recognised as a liability in the statement of financial position (income received in advance) then progressively recognised as revenue in the statement of profit or loss and other comprehensive income as performance occurs in accordance with grant requirements.

Donations are recognised as revenue when control of the cash or other assets has been obtained.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer, and where delivery is in progress, by reference to the percentage stage of completion of the transaction.

Revenue from the sale of goods is recognised when the significant rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing involvement in the goods.

Membership fees are recognised as revenue upon receipt.

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Interest revenue is recognised on a proportional basis as it accrues, taking into account the effective yield on the financial asset.

Dividend revenue is recognised when the right to a receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Cash and cash equivalents

Cash and cash equivalents comprises at-call and short term deposits held with financial institutions and cash on hand.

(c) Receivables

Receivables comprise trade and other short-term amounts owing to the association. Receivables are recognised and carried at the nominal amounts due for settlement less any impairment losses.

(d) Investments

Investments comprise available-for-sale financial assets. Investments are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value, which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised as other comprehensive income through an equity reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised is reclassified into profit or loss.

Investments may be classified as current or non-current assets based on the association's intention at the end of the reporting period with respect to the timing of disposal of the assets.

(e) Property, plant and equipment

Each class of fixed asset is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of physical assets is reviewed annually to ensure it is not materially in excess of the recoverable amount from these assets.

Depreciation

Fixed assets are capitalised and depreciated on a straight-line basis over their useful lives commencing from the time assets are held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Leasehold improvements	33%
Library assets	10%
Motor vehicles	19-23%
Furniture and equipment	10-33%

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

(f) Intangible assets

Intangible assets are carried at cost or fair value less any accumulated amortisation and impairment losses.

Amortisation

Intangible assets are amortised on a straight-line basis over the estimated useful lives of the assets from the date they are available for use.

The amortisation rate used for each class of intangible assets are:

<u>Class of intangible asset</u>	<u>Useful life</u>
Database management system	33%
Website	33%

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

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

(g) Operating leases

Payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(h) Impairment of assets

The association assesses the carrying amounts of its tangible and intangible assets at the end of each reporting period for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated at the higher of the asset's fair value less costs to sell and value in use, and compared against its carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised as an impairment loss in the statement of profit or loss and other comprehensive income.

(i) Payables

Payables represent trade and other short-term liabilities for goods and services provided to the association prior to the end of the financial year which are unpaid. Payables are stated at cost.

(j) Provisions

Provisions are made when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amounts recognised represent an estimate of the obligations as at the end of the reporting period.

(k) Income received in advance

Income received in advance represents liabilities for amounts received by the association in advance of the related delivery of goods or services, on which conditions are attached. Refer also *Note 1 (a) Revenue*.

(l) Employee benefits

The association recognises liabilities for short-term and long-term employee benefits in respect of services rendered by employees up to the end of the reporting period. These benefits include salaries and wages, annual and long-service leave entitlements and superannuation. The liabilities for annual and long-service leave are recognised in the provision for employee benefits. All other employee benefit obligations are presented as payables.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, including related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits plus related on-costs.

Superannuation Guarantee Contributions are made by the entity to employee-nominated superannuation funds and are charged as expenses as they become payable.

(m) 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.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

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

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

(n) Income Tax

fkaCS is endorsed as an income tax exempt charity under Division 50 (Subdivision 50-B) of the Income Tax Assessment Act 1997.

(o) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Accounting judgments and estimates

The preparation of the association's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. Estimates and assumptions are based on historical experience, best available current information and reasonable expectations of future events. Actual results may differ from estimates.

Estimates and assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period or periods affected by the revision.

(q) New accounting standards adopted

The following new and revised Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to the association and effective for the annual period beginning 1 July 2018, have been adopted.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* and prescribes changes to the classification and measurement of financial assets / liabilities as well as introducing an expected credit loss model for impairment. AASB 9 has a date of initial application for the association of 1 July 2018.

The Association's financial instruments comprise cash and cash equivalents, trade and other receivables / payables and investments. None of these items were subject to reclassification, remeasurement or changes to carrying amount upon the application of AASB 9.

(r) New accounting standards issued but not yet effective and not yet adopted

The following relevant new and revised accounting standards that have mandatory application in future reporting periods have not been early-adopted.

AASB 16 Leases (effective on or after 1 January 2019)

AASB 16 *Leases* will require most operating leases to be included in the statement of financial position via the recognition of right-of-use assets and lease liabilities, whereas historically the expenses relating to operating leases have only been recognised in the statement of comprehensive income as they occur. Exceptions are allowed for short-term leases and low value assets.

The impact of AASB 16 is yet to be quantified. At a high level, the association expects its financial statements to be affected, though does not believe the impact will be material.

AASB 1058 Income of Not-for-Profit Entities (effective on or after 1 January 2019)

AASB 15 Revenue from Contracts with Customers (effective on or after 1 January 2019).

AASB 1058, in conjunction with AASB 15, clarify the income recognition requirements that apply to not-for-profit entities, and change the focus of income recognition from a reciprocal / non-reciprocal basis of assessment to one that considers the enforceability of a contract and the specificity of performance obligations. These two standards supersede the income recognition requirements contained in AASB 1004 *Contributions* and AASB 118 *Revenue*.

fka Children's Services Inc.
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For the year ended 30 June 2019

AASB 1058 applies to transactions of not-for-profit entities where the consideration to acquire an asset is significantly less than the fair value of that asset, principally to enable the entity to further its objectives. Under AASB 1058, the entity recognises and measures the asset (such as cash or other asset) at fair value in accordance with the applicable Australian Accounting Standard, and considers whether the transaction gives rise to liabilities or other performance obligations attached to the asset, the core principle being that the excess of an asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

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 introduces a five-step approach to revenue recognition that is more prescriptive than AASB 118 *Revenue*.

The application of these two standards will require a reassessment of the association's accounting of its income, including grants, service agreements and other contributions. At a high level the association considers that there may be some impact to its financial statements though the extent of the impact is yet to be quantified.

Note 2. Government grants

	2019	2018
	\$	\$
Department of Education and Training (Victoria) *	411,281	270,693
Total government grants	411,281	270,693

* Includes program and special project funding.

Note 3. Contributions / donations

	2019	2018
	\$	\$
Philanthropic grants / donations	43,263	38,130
Bequests (cash)	135,947	-
Bequests (shares in listed corporations)	108,373	-
Total contributions / donations	287,583	38,130

Note 4. Other income

	2019	2018
	\$	\$
Rental income	16,317	15,689
Recoupments	1,300	14,024
Other/sundry income	5,607	1,402
Total other income	23,224	31,115

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 5. Cash and cash equivalents

Total cash and cash equivalents as stated in the statement of financial position and statement of cash flows:

	2019	2018
	\$	\$
Cash in at-call bank accounts	346,630	80,958
Cash in short term deposits	456,069	536,333
Cash on hand	96	594
Total cash and cash equivalents	802,795	617,885

Note 6. Receivables

	2019	2018
	\$	\$
Trade debtors	60,385	17,738
Accrued income	6,415	24
Bonds for venue hire	-	273
Total receivables	66,800	18,035

Note 7. Investments

	2019	2018
	\$	\$
Shares in listed corporations at fair value through other comprehensive	126,768	-
Total investments	126,768	-

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 8. Property, plant and equipment

	2019	2018
	\$	\$
Leasehold improvements:		
At cost	6,334	6,334
Accumulated depreciation	(5,455)	(3,343)
Net carrying value	879	2,991
Library:		
At cost	50,218	50,218
Accumulated depreciation	(50,218)	(50,218)
Net carrying value	-	-
Motor vehicles:		
At cost	22,633	22,633
Accumulated depreciation	(22,633)	(22,633)
Net carrying value	-	-
Furniture and equipment:		
At cost	69,284	55,894
Accumulated depreciation	(48,119)	(41,657)
Net carrying value	21,165	14,237
Total property, plant and equipment	22,044	17,228

Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold improvements \$	Library \$	Motor vehicles \$	Furniture & equipment \$	Total \$
Balance at 1 July 2017	5,102	1,189	1,157	23,127	30,575
Disposals (at written down value)	-	-	-	(845)	(845)
Depreciation expense	(2,111)	(1,189)	(1,157)	(8,045)	(12,502)
Balance at 30 June 2018	2,991	-	-	14,237	17,228
Additions	-	-	-	13,389	13,389
Depreciation expense	(2,112)	-	-	(6,461)	(8,573)
Balance at 30 June 2019	879	-	-	21,165	22,044

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 9. Intangible assets

	2019	2018
	\$	\$
Database management system:		
At cost	21,477	21,477
Accumulated amortisation	(21,477)	(14,318)
Net carrying value	-	7,159
Website:		
At cost	17,915	17,915
Accumulated amortisation	(17,915)	(11,944)
Net carrying value	-	5,971
Total intangible assets	-	13,130

Movements in carrying amounts

Movement in carrying amounts for each class of intangible asset:

	Database	Website	Total
	\$	\$	\$
Balance at 1 July 2017	14,318	11,943	26,261
Amortisation charge	(7,159)	(5,972)	(13,131)
Balance at 30 June 2018	7,159	5,971	13,130
Amortisation charge	(7,159)	(5,971)	(13,130)
Carrying amount at 30 June 2019	-	-	-

Note 10. Payables

	2019	2018
	\$	\$
Trade creditors	5,089	8,415
Accrued expenses	733	2,221
Goods and services tax payable	5,519	6,380
Payroll liabilities	36,478	14,297
Grants repayable	12,864	20,000
Total payables	60,683	51,313

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 11. Provisions

	2019	2018
	\$	\$
Current		
Employee benefits		
-- Annual leave entitlements	44,783	31,122
-- Long-service leave entitlements	2,932	-
Total current	47,715	31,122
Non-current		
Employee benefits		
-- Long-service leave entitlements	16,595	8,838
Total non-current	16,595	8,838
Total provisions	64,310	39,960

Note 12. Income received in advance

	2019	2018
	\$	\$
Grant funding received in advance	149,886	25,111
Rental income in advance	-	5,298
Fee income in advance	-	6,686
Total income received in advance	149,886	37,095

Note 13. Reserves and retained surplus

Movements in equity

Movement in balances for reserves and retained surplus:

	Capital reserve \$	Available-for- sale reserve \$	Retained surplus \$	Total equity \$
Balance at 1 July 2017	500,000	-	242,808	742,808
Increase (decrease) for year	-	-	(176,025)	(176,025)
Balance at 30 June 2018	500,000	-	66,783	566,783
Increase (decrease) for year	-	18,395	187,759	206,154
Balance at 30 June 2019	500,000	18,395	254,542	772,937

Nature and purpose of reserves

Capital reserve

The purpose of this fund is to preserve a base level of capital which can be invested for generating ongoing income, with only the resultant income available for operating use.

Available-for-sale reserve

This reserve records the cumulative net changes in the fair value of available-for-sale investments. Where a revalued investment is derecognised, that portion of the reserve that relates to the investment is reclassified into profit or loss.

Retained surplus

This represents the level of unrestricted funds available for general use.

The board of fkaCS reviews reserves on a regular basis and has discretion to alter the nature and purpose of reserves with reference to the entity's operating requirements.

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 14. Cash flow information

	2019	2018
	\$	\$
Reconciliation of net result from statement of profit or loss and other comprehensive income to cash flow from operating activities		
Net result	187,759	(176,025)
Non-cash flows in net result		
Depreciation	21,703	25,633
Income from initial recognition of bequest of shares at fair value	(108,373)	-
Net loss (gain) on disposal of property, plant and equipment	-	845
Changes in operating assets and liabilities		
Decrease (increase) in receivables	(48,765)	10,713
Decrease (increase) in prepayments	(347)	904
(Increase) decrease in security deposits	(189)	-
(Decrease) increase in payables	9,370	23,494
Increase in provisions	24,350	1,615
(Decrease) increase in income received in advance	112,791	(35,399)
Net cash used in operating activities	198,299	(148,220)

Note 15. Operating lease commitments

The association holds non-cancellable operating leases for its business premises. The lease agreement for the existing business premises expires in October 2019, and the association will be relocating its office to new business premises from October 2019.

The association has entered into a three-year tenancy lease on its new business premises, covering the period September 2019 to August 2022. The operating lease commitments contracted for and payable but not recognised in the statement of financial position are as follows:

	2019	2018
	\$	\$
Minimum lease payments		
-- Not later than 12 months	79,094	82,216
-- Between 12 months and 5 years	173,833	27,761
Total operating lease commitments	252,927	109,977

Note 16. Auditors' remuneration

	2019	2018
	\$	\$
Remuneration of the auditors of the association, Anderson & Associates, for:		
-- Audit of the annual financial report	2,805	3,400
Total auditors' remuneration	2,805	3,400

fka Children's Services Inc.
Notes to the financial statements
For the year ended 30 June 2019

Note 17. Significant changes in operations

The current reporting period is the third year of operations since the introduction of the new Commonwealth Government Inclusion Support Programme (ISP), which commenced 1 July 2016. As advised in previous financial reports, the new programme resulted in the cessation of prepaid block funding directly to fkaCS for provision of bicultural support (of around \$600,000), replaced with an alternative funding model requiring individual education and care services to directly apply for government funding in order to purchase assistance from a support provider (such as fkaCS) on a fee for service basis.

As foreshadowed, the nature and magnitude of this change, and issues with the new funding model, led to a significant fall in fkaCS's overall revenue base and necessitated interim deficit spending as the entity transitioned to a revised operational model.

During the current year, the association secured new and renewed funding sources which helped strengthen its revenues, and the entity remained in a positive financial position at year-end, with capacity to underwrite further organisational adjustments in support of its objectives. Though operational risks remain, the board fully expects the association to continue delivering its programs and services effectively, as it transitions to its sustainable long-term structure.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of fkaCS, the results of those operations, or the state of affairs of fkaCS in subsequent financial years.

Note 18. Association details

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

To October 2019: 42 Dight Street
 Collingwood Victoria 3066

From October 2019: 18 Harper Street
 Abbotsford VIC 3067

fka Children's Services Inc.
Declaration by members of the board
For the year ended 30 June 2019

In accordance with a resolution of the members of the board of fka Children's Services Inc. ("fkaCS"), the board declares that:

In the opinion of the board:

1. The financial statements and notes, as set out on pages 1 to 15, satisfy the requirements of the *Associations Incorporation Reform Act 2012 (Victoria)* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - a. complying with the Australian Accounting Standards applicable to the entity and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - b. giving a true and fair view of the financial position of fkaCS as at 30 June 2019 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that fkaCS will be able to pay all of its debts as and when they become due and payable.

On behalf of the board of fkaCS,

Signed: 

Barbara Romeril (President)

Signed: 

Julie Brooks (Treasurer)

Dated this 12th day of November 2019

Independent auditor's report to the members of FKA Childrens Services Inc

Opinion

We have audited the accompanying financial report, being a special purpose financial report of FKA Childrens Services Inc, which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Board' declaration.

In our opinion, the financial report of FKA Childrens Services Inc has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*, including;

- a. Giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; 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 for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* (ACNC Act) and 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 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.

Responsibilities of the Board for the Financial Report

The Board of the registered entity 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 statements is appropriate to meet the requirements of the ACNC Act, the Associations Incorporation Reform Act 2012 and the needs of the members. The Board' responsibility also includes such internal control as the Board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board are responsible for assessing the registered 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 Board either intend to liquidate the entity or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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.



John Vincent Anderson
ANDERSON & ASSOCIATES
13th November 2019
Suite 102, 17 Heatherdale Road
RINGWOOD, VIC 3134

Auditor's Independence Declaration to the Board of FKA Childrens Services Inc

In relation to our audit of the financial report of FKA Childrens Services 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 any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'J. Anderson', with a long horizontal flourish underneath.

John Vincent Anderson
ANDERSON & ASSOCIATES
5th September 2019
Suite 102, 17 Heatherdale Road
RINGWOOD, VIC 3134