The Infants' Home, Ashfield

ABN: 71 174 918 661

Financial Report

for the year ended

31 December 2019

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THE INFANTS' HOME, ASHFIELD

ABN 71 174 918 661

The Directors of The Infants' Home, Ashfield present the financial statements of the entity for the year ended 31 December 2019 and the Independent Auditor's Report thereon.

Directors' Details

The following persons were Directors of The Infants' Home, Ashfield during or since end of the financial year:

Mary Verschuer MBA, MScSoc, BAppSc, FAICD, President, member since 2008, resigned January 2015, returned November 2016
Anthony Kutra BEc (Hons), MBA, FAICD, FAIM, member since 2008
Hugh Humphrey MBA, BCOMM(Economics&Marketing), member since 2015
Sandra Cheeseman PhD, PG Cert Research (EC), B.Ed, Dip Tch, member since 2015, resigned September 2019
Lindsay Smartt BA, FIAA, FNZSA, ASA, FAICD, Treasurer, member since 2016
Peter Hendy B.Econ(Hons), PhD, MAICD, FAIM, member since November 2017
Hilary Johnston-Croke B.Sc(Hons), Cert Ed, M.Ed, Grad.Dip Min, MACE, MACEA, GAICD, member since November 2017
Sarah Michael RN, GAICD, member since May 2018.

The Infants' Home, Ashfield
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Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2019

	Note	2019	2018
			Restated
Revenue from operations excluding other income		**$**	**$**
Government grants for operating purposes	2	553,470	535,322
Charges and fees	3	8,259,685	7,945,710
Interest on investments	4	14,080	40,151
Dividends - other parties		186,721	237,168
Donations, fundraising and grants	5	339,158	519,315
Sundry operating income	6	112,329	140,969
Total		9,465,443	9,418,635
Expenditure from operating activities			
Employee costs	7	8,023,776	8,022,274
Materials and services	8	1,163,381	1,185,482
Depreciation	9	370,058	369,840
Finance costs	10	48,267	42,650
Impairment of property, plant and equipment	15	190,297	-
Total expenditure from operating activities		9,795,779	9,620,246
Net deficit for the year before other revenue and realised loss		(330,336)	(201,611)
Other revenue and fair value changes			
Government grants for capital use purposes	2	-	18,612
Bequests		7,480	351,341
Debt instruments at FVPL - fair value changes		46,640	(26,575)
		54,120	343,378
Net (deficit)/surplus for the year		(276,216)	141,767
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Equity instruments at FVOCI - fair value changes		331,505	(176,079)
Total other comprehensive income/(deficit) for the year		331,505	(176,079)
Total comprehensive income / (deficit) for the year		55,289	(34,312)

The Infants' Home, Ashfield
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Statement of Financial Position
for the year ended 31 December 2019

	Note	2019	2018
			Restated
		$	$
Current Assets			
Cash and cash equivalents	11	830,580	803,606
Trade and other receivables	12	232,756	337,940
Other assets	13	62,915	69,020
Total Current Assets		1,126,251	1,210,566
Non-Current Assets			
Other financial assets	14	4,673,241	4,142,233
Property, plant and equipment	15	9,001,521	9,431,743
Right-of-use assets	16	71,701	-
Total Non-Current Assets		13,746,463	13,573,976
Total Assets		14,872,714	14,784,542
Current Liabilities			
Trade and other payables	17	811,280	1,264,396
Contract liabilities	18	371,289	-
Lease liabilities	19	35,511	8,817
Provisions	20	683,060	663,973
Total Current Liabilities		1,901,140	1,937,186
Non-Current Liabilities			
Lease liabilities	19	39,672	17,827
Provisions	20	296,648	244,465
Total Non-Current Liabilities		336,321	262,292
Total Liabilities		2,237,461	2,199,478
Net Assets		12,635,254	12,585,064
Funds			
Reserves	26	482,014	150,509
Accumulated funds		12,153,240	12,434,555
Total Funds		12,635,254	12,585,064

The Infants' Home, Ashfield
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Statement of Changes in Equity
for the year ended 31 December 2019

	Fair Value through Other Comprehensive Income Reserve	Accumulated Funds	Total Funds
	$	$	$
At 1 January 2018	326,588	12,292,787	12,619,375
Surplus for the year (restated)	-	141,767	141,767
Other comprehensive income for the year:			
- revaluation increment (restated)	(176,079)	-	(176,079)
At 31 December 2018 (restated)	150,509	12,434,554	12,585,063
Adjustment for change in accounting policy Note 1 (5)	-	(5,098)	(5,098)
Balance at 1 January 2019 (restated)	150,509	12,429,456	12,579,965
Deficit for the year		(276,216)	(276,216)
Other comprehensive income for the year:			
- revaluation decrement	331,505	-	331,505
At 31 December 2019	482,014	12,153,240	12,635,254

The Infants' Home, Ashfield
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Statement of Cash Flows
for the year ended 31 December 2019

	Note	2019	2018
		$	$
Cash Flows from Operating Activities			
Receipts from fees and charges, grants and other income		11,140,512	10,500,461
Receipts from government capital grants		-	20,473
Payments to suppliers and employees		(11,346,572)	(10,944,164)
Operating cash flows before donations, bequests and fundraising		(206,060)	(423,230)
Donations, bequests and fundraising		347,310	757,877
Net cash from operating activities	24	141,250	334,647
Cash Flows from Investing Activities			
Proceeds from disposals of investments		1,069,820	1,043,500
Purchase of investments		(1,190,109)	(1,236,893)
Interest received		13,465	39,106
Dividends received		155,687	173,100
Payments for plant and equipment		(125,829)	(220,466)
Net cash (used) in investing activities		(76,966)	(201,653)
Cash Flows from Financing Activities			
Payments for lease liabilities		(37,310)	(10,380)
Net cash (used) in financing activities		(37,310)	(10,380)
Net increase in cash and cash equivalents		26,974	122,614
Cash and cash equivalents at the beginning of the financial year		803,606	680,992
Cash and Cash Equivalents at the end of the Financial Year		830,580	803,606

Notes to the Financial Statements
for the year ended 31 December 2019

Note 1 - Summary of Accounting Policies

Basis of Preparation

The Infants' Home, Ashfield ("the entity") is a not-for-profit entity incorporated by a NSW Act of Parliament: *The Infants' Home Ashfield, Act 1924* and is domiciled in Australia. The entity is registered with the Australian Charities and Not-for-profits Commission ("ACNC"), and is a not-for-profit entity under Australian Accounting Standards.

Its registered office and principal place of business is:

The Infants' Home, Ashfield
17 Henry Street
Ashfield NSW 2131

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements ("AASB - RDRs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ("AASB"), and other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of *Australian Charities and Not-for-profits Commission Act 2012.*

The financial statements were authorised for issue by the Board of Directors on 25 March 2020.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on historical cost and, except where stated, do not take into account changing money values and current valuations of non-current assets. Cost is the amount of cash paid or the fair values of the consideration given in exchange for assets.

Presentation currency

These financial statements are presented in Australian dollars ($).

Adoption of New and Revised Accounting Standards

The entity has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The main new Accounting Standards and Interpretations that became effective during the current reporting period are as follows:

AASB 15 Revenue from Contracts with Customers

The entity has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

a) Impact of adoption

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on accumulated funds as at 1 January 2019.

The impact of AASB 15 compared with the previous Accounting Standard AASB 118 on the current reporting period, is a reclassification of fees in advance and deferred grants from trade and other payables to contract liabilities.

Note 1 - Summary of accounting policies (continued)

AASB 1058 Income of Not-for-Profit Entities

The entity has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Where a transaction occurs with a customer that does not create enforceable rights and obligations, income is recognised at the time of receipt. If the transaction occurred in a contract with a customer that created enforceable rights and obligations and the contract does not include 'sufficiently specific' performance obligations, income is recognised at the time of receipt. Income may also be recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

a) Impact of adoption

AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated.
There was no impact of AASB 1058 compared with previous Accounting Standard AASB 1004 on the current reporting period.

AASB 16 Leases

The entity has adopted *AASB 16 Leases* from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

(1) The entity's leasing activities and how these are accounted for

The entity leases various offices and equipment. Rental contracts are typically made for fixed periods of 2 to 5 years, both with and without extension options. Contracts may contain both lease and non-lease components. The entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the entity under residual value guarantees
- the exercise price of a purchase option if the entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the entity uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term or low value leases are recognised on a straight-line basis as an expense in statement of financial performance. Short-term leases are leases with a lease term of 12 months or less. Low value leases are leases where the underlying asset being leased is valued at $10,000 or less when new.

Notes to the Financial Statements
for the year ended 31 December 2019

Note 1 - Summary of accounting policies (continued)

(2) Impact of adoption

On adoption of AASB 16, the entity recognised lease liabilities and associated right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases* . These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.57%.

On adoption of AASB 16, the entity had no short-term or low value leases.

(3) Practical expedients applied

In applying AASB 16 for the first time, the entity has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(4) Measurement of lease liabilities

Below is a reconciliation between the operating lease and finance lease commitments as at 1 January 2019 recognised under AASB 117 *leases* and lease liabilities recognised under AASB16 *leases* on 1 January 2019.

	2019
	$
Operating lease commitments as at 1 January 2019 (AASB 117)	42,845
Finance lease commitments as at 1 January 2019 (AASB 117)	29,404
Less: Discount based on the weighted average incremental borrowing rate of 7.57% (AASB 16)	(7,036)
Lease liability recognised as at 1 January 2019	**65,213**
Of which are:	
Current lease liabilities	26,605
Non-current lease liabilities	38,608
	65,213

(5) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- property, plant and equipment: computer equipment – decrease $26,273
- right-of-use assets – increase by $60,115
- lease liabilities – increase by $38,569, including current $17,788 and non-current $20,781.

There was $5,098 reduction in accumulated funds on 1 January 2019 as the entity has used the practical expedients permitted by the standard. Refer to Note 1(3).

(i) Amounts recognised in statement of financial position

	31 Dec 2019	1 Jan 2019
	$	$
Right-of-use assets		
Land and buildings	40,016	12,607
Plant and equipment	31,685	47,508
	71,701	**60,115**
Lease liabilities		
Current	35,511	26,605
Non-current	39,672	38,608
	75,183	**65,213**

Additions to the right-of-use assets during the year ended 31 December 2019 were $42,172 and the total cash outflow for leases was $37,310.

Notes to the Financial Statements
for the year ended 31 December 2019

Note 1 - Summary of accounting policies (continued)

(ii) Amounts recognised in statement of financial performance

	31 Dec 2019	31-Dec-18
	$	$
Depreciation charge of right-of-use assets		
Buildings	14,763	-
Computer equipment	15,823	-
	30,586	**-**
Interest expense (included in finance costs)	**5,108**	**-**
Expense relating to short-term and low value leases (included in other expenses)	-	-

(6) Lessor accounting

The entity did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

Significant Accounting Policies

a) Revenue recognition

The entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Enrolment fees

An enrolment fee is charged upon the acceptance of an offer for placement. This fee is also non-refundable upon the withdrawal of the child from the entity. Enrolment fees are recognised proportionately over the average life the children are enrolled.

Fees

Fees collected from families and administration fees fall within the scope of AASB 15 and are recognised over the period to which the fees relate, fees received in advance of a subsequent financial year would be deferred and recognised as revenue in the relevant financial year.

Child care subsidies

Child care subsidies is recognised as revenue in the period to which it relate.

Grants

Grants' revenue is recognised in profit or loss when the entity satisfies the performance obligations stated within the funding agreements.

If specific conditions are attached to the grant which must be satisfied before the entity is eligible to retain the contribution and where there is an arrangement to refund any grant that is not spent in accordance with the specific conditions under the grant agreement, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Note 1 - Summary of accounting policies (continued)

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Dividend revenue

Dividend revenue is recognised on a receivable basis.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Donations and bequests

Donations and bequests are recognised as income as and when received or deposited to the Home's bank account. As specified in the Charitable Fundraising Act 1991, donations from Clubs, members' donations and bequests are not treated as fundraising income when determining information required under the Act.

Donated Services

Donated Services: various services are donated to the Home. Donations in kind are not brought to accounts unless the amount is material and reliably measurable.

b) Financial instruments

Recognition, initial measurement and derecognition

Financial instruments are recognised initially at fair value plus transaction costs. Financial instruments not at fair value are recognised through profit or loss. Subsequent to initial recognition these instruments are measured as set out below.

Classification and subsequent measurement of financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value on the basis of the entity's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

Specifically:

• Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.
• All other financial assets are subsequently measured at fair value through profit or loss (FVPL).

Despite the foregoing, the entity may make the following irrevocable election/designation at initial recognition of a financial asset:
• The entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income.

The entity has chosen to make the above irrevocable election at initial recognition of a financial asset. For an equity investment designated as measured at FVOCI, the accumulated gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Impairment of Financial assets

AASB 9 requires the entity to recognise a loss allowance for expected credit losses on lease receivables; and trade receivables and contract assets.

AASB 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on the financial instrument has increased significantly since initial recognition or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchase or originated credit impaired financial asset), the entity is required to measure the loss allowance for the financial instrument at an amount equal to 12 months ECL.

Trade and other receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms of 28 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. A loss allowance is made for impairment credit loss at the amount equal to the expected lifetime credit losses. The entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Note 1 - Summary of accounting policies (continued)

Financial liabilities

The entity's financial liabilities include leases and trade and other payables.

Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

c) Cash and cash equivalents

For purposes of the Statement of Cash Flows, cash includes short-term money market securities, deposits at call and deposits in bank accounts with an original maturity of 3 months or less, which are readily convertible to cash on hand and subject to an insignificant risk of changes in value.

d) Contract assets

Contract assets are recognised when the entity has transferred goods or services to the customer but where the entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

e) Property, plant and equipment

Assets acquired are carried at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition, less any accumulated depreciation and impairment losses. Where an item of property, plant or equipment is disposed of, the gain or loss recognised in profit or loss is calculated as the difference between the net sales price and the carrying amount of the asset. Capital works in progress include expenditure in relation to construction of an asset that is still in its construction phase and is not yet ready for use. When the construction is complete and the asset is commissioned, it is transferred to the relevant asset classification.

f) Depreciation

Depreciation is provided on property, furniture, plant and equipment, including improvements to the buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life.

The following estimated useful lives are used in the calculation of depreciation:

· Buildings and improvements	10 - 40 years
· Furniture, plant and equipment	3 - 10 years
· Motor vehicles	4-10 years

g) Impairment of assets

At each reporting date the entity reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed as an impairment loss to the income statement. For the purpose of assessing value in use, this represents depreciated current replacement costs as the entity is a not-for-profit entity.

h) Contract liabilities

Contract liabilities represent the entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the entity has transferred the goods or services to the customer.

Note 1 - Summary of accounting policies (continued)

i) Employee benefits

A provision is made for the entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employees 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. Expected future payments are discounted using national government bond rates at reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions required by law are made by the entity to employees' nominated superannuation funds or a default fund on their behalf and are charged as expenses when incurred.

j) Taxes

Goods and Services Tax: Revenues, costs and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

The Infant's Home, Ashfield is as an income tax exempt charity.

k) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosure.

l) Accounting standards issued but not yet effective

Certain new accounting standards of the Australian Accounting Standards Board have been published that are not mandatory for 31 December 2019 reporting periods. The directors' assessment of the impact of these new standards is that they will have no material impact on the future financial reports of the entity.

m) Critical accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

n) Prior year adjustments

On the initial application of AASB 9 *Financial Instruments* for the first time in the 2018 financial report, investments in debt instruments were classified as financial assets at fair value Through Other Comprehensive Income ("FVOCI") on the basis that they are held within the business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. On review the entity's business model doesn't involve frequent selling of debt instruments.

The entity has reassessed its debt instruments being investment in fixed interest securities and determined that on the initial adoption of AASB 9, it should have classed investments in debt investments as financial assets measured at fair value through profit or loss ("FVPL"). As a result, adjustments have been made in this financial report by restating 2018 comparatives to account for investment in debt instruments as FVPL instead of FVOCI. The adjustments impact both the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity. The adjustments include an increase of $24,394 in the Fair Value Through Other Comprehensive Income Reserve and a decrease of $24,394 in Accumulated Funds for the year ended 31 December 2018.

		2019	2018
		$	**$**
Note 2 -	**Government grants for operating purposes**		
	Australian Federal Government		
	Volunteer Grants	1,340	-
	Inclusion support subsidy	19,780	59,824
		21,120	59,824
	NSW Government		
	DEC ECEC funding	389,446	333,149
	FaCS CGSP funding	141,404	135,449
		530,850	468,598
	Local Government		
	Local councils	1,500	6,900
		1,500	6,900
		553,470	535,322
	Government grants for capital purposes		
	NSW Government		
	Community Building Partnerships	-	18,612
		-	18,612
Note 3 -	**Charges and fees**		
	Early Education and Care Centres		
	Fees collected from families	3,629,684	3,937,809
	Child care subsidy	3,658,591	3,125,046
		7,288,275	7,062,855
	Family Day Care		
	Administration fees	956,360	866,286
	Enrolment fees	14,600	14,233
		970,960	880,519
	Health Services		
	Fees from customers and Health funds	450	2,336
		450	2,336
		8,259,685	7,945,710
Note 4 -	**Interest on investments**		
	Interest income	14,080	40,151
		14,080	40,151
Note 5 -	**Donations and fundraising**		
	Donations and fundraising	108,231	282,724
	Appeals and grants - non government	230,927	236,591
		339,158	519,315

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Notes to the Financial Statements
for the year ended 31 December 2019

				2019	2018
				$	**$**
Note	**6**	-	**Sundry operating income**		
			Playgroup income	11,818	11,818
			Rental income	80,197	77,118
			Sundry income	20,314	52,033
				112,329	140,969
Note	**7**	-	**Employees cost**		
			Wages and salaries	6,376,251	6,323,849
			Employees' entitlements	696,871	760,141
			Superannuation	605,833	597,766
			Workers compensation	181,832	156,622
			Staff training	35,918	56,687
			Staff recruitment	16,724	56,799
			Contract staff	86,167	52,182
			Others	24,180	18,228
				8,023,776	8,022,274
Note	**8**	-	**Materials and services**		
			Audit fee	20,809	19,195
			Cleaning & consumables	169,286	167,698
			Food & drink	312,137	311,127
			Insurance	66,678	58,041
			Light, gas & fuel	95,560	95,341
			Repairs & maintenance	126,129	71,957
			Scholarship expenses	3,277	53,713
			IT expenses	109,534	104,400
			Others	259,973	304,010
				1,163,381	1,185,482
Note	**9**	-	**Depreciation**		
			Deprecation - right-of-use assets	30,586	-
			Deprecation - others	339,472	369,840
				370,058	369,840
Note	**10**	-	**Finance costs**		
			Interest expenses - right-of-use assets	5,108	-
			Interest expenses and loan account fees	4,816	4,805
			Investment management fees and bank charges	38,343	37,845
				48,267	42,650

	2019	2018
	$	$

Note 11 - Cash and cash equivalents

	2019	2018
Cash on hand	1,840	1,840
Cash at bank	828,740	801,766
	830,580	803,606

Cash at bank includes a term deposit of $20,941 (2018: $20,000) for a bank guarantee held as security against the entity's credit facility.

Note 12 - Trade and other receivables

	2019	2018
Current		
Trade receivables	147,802	235,262
(Less provision for expected credit losses)	(20,000)	(5,631)
	127,801	229,631
Goods and services tax (GST) receivable	12,599	12,779
Other debtors-Accrued income	92,355	95,530
Total trade and other receivables (net)	232,756	337,940

Note 13 - Other assets

	2019	2018
Current		
Prepayments	62,915	69,020
	62,915	69,020

Note 14 - Other financial assets

	2019	2018
Non-current		
Unit Trusts - FVPL	33,822	34,456
Debt investment - FVPL	1,782,738	1,958,489
Equity investment- FVOCI	2,856,680	2,149,288
	4,673,241	4,142,233

	2019 $	2018 $
Note 15 - Property, plant and equipment		
Freehold land and buildings		
At cost	379,800	379,800
Improvement at cost	10,717,965	10,717,965
(Less Accumulated depreciation)	(2,203,528)	(1,893,959)
	8,894,237	9,203,806
Furniture and plant		
At cost	173,846	170,646
(Less Accumulated depreciation)	(172,471)	(170,646)
	1,375	-
Computer equipment at cost	241,831	264,470
(Less Accumulated depreciation)	(220,882)	(228,379)
	20,949	36,091
Equipment at cost	236,105	214,250
(Less Accumulated depreciation)	(198,818)	(188,556)
	37,287	25,694
Motor vehicles at cost	123,203	74,361
(Less Accumulated depreciation)	(80,466)	(73,916)
	42,737	445
Program area equipment at cost	49,271	49,271
(Less Accumulated depreciation)	(44,335)	(43,079)
	4,936	6,192
Capital works in progress	190,297	159,515
(Less Accumulated impairment)	(190,297)	-
	-	159,515
Total Property, Plant and Equipment	9,001,521	9,431,743

Note 15 - Property, plant and equipment(continued)

Reconciliation 2019

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

	2019 $	2018 $
Freehold land & buildings		
Carrying amount at beginning		
At cost	379,800	379,800
Improvements at cost	8,824,006	8,906,036
Additions	-	-
Transfer from capital works in progress	-	227,290
Depreciation expense	(309,569)	(309,319)
	8,894,237	9,203,806
Furniture and plant		
Carrying amount at beginning	-	12,849
Additions	3,200	4,650
Depreciation expense	(1,825)	(17,499)
	1,375	-
Computer equipment		
Carrying amount at beginning	36,091	52,855
Additions	21,149	3,908
Transfer to right to use asset	(26,273)	
Disposal		
cost	-	(28,864)
accumulated depreciation	-	28,864
Depreciation expense	(10,019)	(20,672)
	20,949	36,091
Equipment		
Carrying amount at beginning	25,694	19,402
Additions	21,855	22,082
Disposal		
cost	-	(7,953)
accumulated depreciation	-	7,953
Depreciation expense	(10,262)	(15,790)
	37,287	25,694
Motor vehicles		
Carrying amount at beginning	445	5,740
Additions	48,842	-
accumulated depreciation	-	-
Depreciation expense	(6,550)	(5,295)
	42,737	445
Program area equipment		
Carrying amount at beginning	6,192	7,457
Additions	-	-
Depreciation expense	(1,256)	(1,265)
	4,936	6,192
Capital works in progress		
Carrying amount at beginning	159,515	196,979
Additions	30,782	189,826
Transfer to buildings	-	(227,290)
Impairment loss	(190,297)	-
	-	159,515
Total Property, Plant and Equipment	9,001,521	9,431,743

A loss on impairment has been recognised in relation to capital works in progress, as the Board has made a decision during the financial year not to proceed with a building project.

	2019	2018
	$	$

Note 16 - Right-of-use assets

The entity has leases for offices and equipment. Each lease is reflected on the statement of finance position as a right-of-use asset and a lease liability.

	2019	2018
Non-current		
Land and buildings - right-of-use	54,779	-
Less: Accumulated depreciation	(14,763)	-
	40,016	-
Equipment - right-of-use	47,508	-
Less: Accumulated depreciation	(15,823)	-
	31,685	-
	71,701	-

Reconciliation of the carrying amounts for each class of right-of-use assets are set out below:

	2019	2018
Right-of-use assets - Land and buildings		
Carrying amount at beginning	12,607	-
Additions	42,172	-
Depreciation expense	(14,763)	-
	40,016	
Right-of-use assets - equipment		
Carrying amount at beginning	47,508	-
Additions	-	-
Depreciation expense	(15,823)	-
	31,685	-
	71,701	

Note 17 - Trade and other payables

	2019	2018
Current		
Fees in advance	-	298,971
Deferred grants	-	143,646
GST payable	15,590	12,890
Creditors and accruals	489,828	484,807
Enrolment deposits	305,861	324,082
Total trade and other payables	811,280	1,264,396

		2019	2018
		$	$
Note 18	**Contract liabilities**		
	Current		
	Fees in advance	243,386	-
	Deferred grants	127,903	-
		371,289	-
	Reconciliation		
	Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
	Opening balance 1 January 2019	-	-
	Contract liabilities recognised on adoption of AASB 15	442,617	
	Payments received in advance	2,561,080	-
	Cumulative catch-up adjustments	-	-
	Transfer to revenue - performance obligations satisfied	2,632,408	-
	Closing balance	371,289	-

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $371,289 as at 31 December 2019 ($Nil as at 31 December 2018) and is expected to be recognised as revenue in future periods as follows:

		2019	2018
	Within 6 months	367,915	-
	6 to 12 months	3,374	-
		371,289	-
Note 19 -	**Lease liability**		
	Lease liability - current	35,511	8,817
	Lease liability - non-current	39,672	17,827
		75,183	26,644
Note 20 -	**Provisions**		
	Annual leave	512,529	530,267
	Long service leave	467,180	378,171
		979,709	908,438
	Provisions for employee benefits are recognised as:		
	Current	683,060	663,973
	Non-current	296,648	244,465
		979,709	908,438

Note 21 - Interest bearing loans and borrowings

The entity has a loan facility, which is secured by a fixed and floating charge in favour of National Bank Australia over the property at 17 Henry Street Ashfield NSW 2131. The amount of the facility utilised at balance date was $Nil (2018: $Nil).

Note 22 - Changes in liabilities arising from financing activities

	Lease liability
Balance at 1 January 2018	34,875
Net cash (used) in financing activities	(10,380)
Interest and finance charges on lease liabilities	2,149
Balance at 31 December 2018	26,644
Net cash (used in) financing activities	(37,310)
Leases recognised on the adoption of AASB 16	38,569
Acquisition of leases	42,172
Interest and finance charges on lease liabilities	5,108
Balance at 31 December 2019	75,183

	2019	2018
	$	$

Note 23 - Economic dependency

The entity is significantly dependent on the Australian Government and NSW State Government for funding for the purpose of providing child and family services.

Note 24 - Reconciliation of cash flow

For the purposes of this Statement of Cash Flow
Cash includes:
Cash at bank and on hand

	2019	2018
Cash and cash equivalents at the end of the year is shown as:		
Cash at bank and on hand	830,580	803,606
Reconciliation of cash flow from operating activities with operating (deficit)/surplus from continuing operations	(276,216)	166,160
Non-cash flows in operating (deficit)/surplus:		
Depreciation	370,058	369,840
(Gain)/Loss on sale of investments	-	2,182
Impairment loss	190,297	-
Interest expenses from finance activities	5,108	-
Provisions for expected credit losses	14,369	5,631
Adjustment to operating result from investing activities	(248,729)	(235,075)
Changes in assets & liabilities		
(Increase)/Decrease in receivables	90,815	(120,354)
(Increase)/Decrease in other current assets	6,105	7,987
Increase/(Decrease) in trade creditors and accruals	(453,117)	44,593
Increase/(Decrease) in contract liabilities	371,289	-
Increase/(Decrease) in provisions	71,271	93,683
Net cash flows from operating activities	**141,250**	**334,647**

Note 25 Key management personnel compensation

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity.

Key Management Personnel have been taken to comprise the Directors and the Chief Executive Officer who is responsible for the day to day financial and operational management of the entity.

Directors receive no compensation for their services.

The aggregate compensation of Key Management Personnel during the year comprising amounts paid or payable or provided for was as follows:

	2019	2018
Total compensation	225,199	218,897

The Infants' Home, Ashfield

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Notes to the Financial Statements
for the year ended 31 December 2019

	2019	2018
Note 26 Reserves	$	$

Fair value through other comprehensive income (FVOCI) reserve		
Balance at start of year	150,509	326,588
FVOCI - equity instruments fair value changes	331,505	(176,079)
Balance at end of year	482,014	150,509

The entity has elected to recognise changes in fair value of investments in equity securities in other comprehensive income.

Note 27 Contingent liabilities

A capital upgrade grant of $114,686 was received in June 2009 from NSW Department of Education and Training, which may be repayable should the entity cease operations prior to June 2029. No provision has been made.

Note 28 Fundraising income and expenses

For the purposes of the *Charitable Fundraising Act 1991* , fundraising excludes bequests, donations from clubs, and donations from existing members.

Details of aggregate gross income and total expenses in fundraising appeals

	2019	2018
Gross proceeds from fundraising appeals		
Events	9,514	20,573
Appeal for capacity building	64,700	144,200
Appeal for capital projects	25,308	80,122
Appeal for early intervention	207,253	238,562
	306,775	483,457
Fundraising costs		
Events	6,044	24,602
Appeal for capacity building	12,089	15,750
Appeal for capital projects	12,089	15,750
Appeal for early intervention	126,933	165,378
Less Total costs of fundraising	157,155	221,481
Net surplus from fundraising	149,620	261,976
Application of funds for charitable purpose		
Opening balance	-	-
Net proceeds from fundraising for the year	149,620	261,976
Capital project	(13,220)	(64,372)
Early Intervention, centres improvement and equipment	(136,400)	(197,604)
Closing balance	-	-

	Total Cost	**Gross Proceeds**	**2019**	**2018**
	$	**$**	**%**	**%**
Total Cost of Fundraising/Gross Proceeds from Fundraising	157,155	306,775	51.23%	45.81%
Net Surplus from Fundraising/Gross Proceeds from Fundraising	149,620	306,775	48.77%	54.19%

Notes to the Financial Statements
for the year ended 31 December 2019

Note 29 Events occurring after the reporting date, including impact on going concern

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The entity has a number of assets where the value of the assets may be impacted by COVID-19. At the date these financial statements were approved by the Directors, other than the entity's other financial assets which have declined in fair value from $4,673,241 at 31 December 2019 to $4,014,000 on 25 March 2020), the extent of the impact COVID-19 may have on the entity's future financial performance and position is currently not known given the degree of uncertainty in the current climate.

As a result of the pandemic, the entity may be subject to reduced revenue in instances where children can no longer attend its premises.

As a result of COVID-19, the ability of the entity to continue as a going concern depends on generating sufficient revenue and other cash inflows to cover all expenses, and/or reducing expenses so that these are less than revenue and other cash inflows generated. The entity is implementing plans to carefully monitor cashflow and the entity is working towards implementing these and other actions. However, should these revenues and other cash inflows not be generated, and/or expenses not be reduced below revenue and other cash inflows, there is a material uncertainty as to the entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other than current and potential impacts of COVID-19 detailed above, no other matters or circumstances have arisen which have significantly affected, or may significant affect, the operations of the entity, the results of those operations or the state of affairs of the entity in future financial periods.

THE INFANTS' HOME, ASHFIELD
ABN 71 174 918 661

DIRECTORS' DECLARATION

In the opinion of the Directors of The Infants' Home, Ashfield:

a) The attached financial statements and notes of The Infants' Home, Ashfield are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* , including;

i. giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013;* and

b) There are reasonable grounds to believe that The Infants' Home, Ashfield will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

....	....
Mary Verschuer	Lindsay Smartt
Director	Director

25 March 2020

THE INFANTS' HOME, ASHFIELD
ABN 71 174 918 661

Declaration by Principal Officers in respect of fundraising appeals

We, Elizabeth Robinson, Chief Executive Officer and John Shen, Finance Manager, of The Infants' Home, Ashfield declare that in our opinion:

a) The Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of The Infants' Home, Ashfield with respect to fundraising appeals;

b) The Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals;

c) The provisions of the *Charitable Fundraising Act 1991* and the *Regulations* under that Act and the conditions attached to the authority have been complied with by the organisation; and

d) The internal controls exercised by The Infants' Home, Ashfield are appropriate and effective in accounting for all income received and applied by the Organisation from any of its fundraising appeals.

....	....
Elizabeth Robinson	John Shen
Chief Executive Officer	Finance Manager

25 March 2020