The Infants' Home, Ashfield

ABN: 71 174 918 661

Financial Report

for the year ended

31 December 2018

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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 2018 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, GAICD, President, member since 2008, resigned January 2015, returned November 2016
Anthony Kutra BEc (Hons), MBA, FAICD, FAIM, member since 2008
Carolyn Swindell MA, BA(Hons), GAICD, member since 2012, resigned May 2018
Hugh Humphrey MBA, BCOMM(Economics&Marketing), member since 2015
Sandra Cheeseman PhD, PG Cert Research (EC), B.Ed, Dip Tch, member since 2015
Lindsay Smartt BA, FIAA, FNZSA, ASA, GAICD, 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, FAICD, member since May 2018.

The Infants' Home, Ashfield
ABN: 71 174 918 661

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2018

	Note	2018	2017
			Restated
Revenue from operations excluding other income		**$**	**$**
Government grants for operating purposes	2	535,322	628,997
Charges and fees	3	7,945,710	8,198,974
Interest on investments	4	40,151	34,473
Dividends - other parties		237,168	208,178
Donations, fundraising and grants	5	519,315	361,363
Sundry operating income	6	140,969	105,719
Total		9,418,635	9,537,704
Expenditure from operating activities			
Employee costs	7	8,022,274	7,975,375
Materials and services	8	1,185,482	1,265,515
Depreciation		369,840	333,059
Finance costs	9	42,650	42,035
Total expenditure from operating activities		9,620,246	9,615,984
Net deficit for the year before other revenue and realised loss		(201,611)	(78,280)
Other revenue and realised loss			
Government grants for capital use purposes	2	18,612	15,000
Bequests		351,341	923
Realised loss on debts instruments		(2,182)	(8,926)
		367,771	6,997
Net surplus/(deficit) for the year		166,160	(71,283)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
- Equity instruments at FVOCI - fair value changes		(176,079)	141,714
Items that may be reclassified subsequently to profit or loss:			
- Debt instruments at FVOCI - fair value changes		(24,394)	30,313
Total other comprehensive income/(deficit) for the year		(200,473)	172,027
Total comprehensive income/(deficit) for the year		(34,313)	100,744

The Infants' Home, Ashfield
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Statement of Financial Position
for the year ended 31 December 2018

	Note	2018	2017 Restated
		$	$
Current Assets			
Cash and cash equivalents	10	803,606	680,992
Trade and other receivables	11	337,940	223,217
Other assets		69,020	77,007
Total Current Assets		1,210,566	981,216
Non-Current Assets			
Other financial assets	12	4,142,233	4,128,626
Property, plant and equipment	13	9,431,743	9,581,117
Total Non-Current Assets		13,573,976	13,709,743
Total Assets		14,784,542	14,690,959
Current Liabilities			
Trade and other payables	14	1,273,213	1,230,183
Provisions	15	663,973	585,170
Total Current Liabilities		1,937,186	1,815,353
Non-Current Liabilities			
Trade and other payables	14	17,827	26,644
Provisions	15	244,465	229,585
Total Non-Current Liabilities		262,292	256,229
Total Liabilities		2,199,478	2,071,582
Net Assets		12,585,064	12,619,377
Funds			
Reserves	21	126,115	326,588
Accumulated funds		12,458,949	12,292,789
Total Funds		12,585,064	12,619,377

The Infants' Home, Ashfield
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Statement of Changes in Equity
for the year ended 31 December 2018

	Fair Value through Other Comprehensive Income Reserve	**Accumulated Funds**	**Total Funds**
	$	$	$
At 1 January 2017 (restated)	192,419	12,326,214	12,518,633
Deficit for the year	-	(71,283)	(71,283)
Transfer from FVOCI to accumulated funds	(37,858)	37,858	-
Other comprehensive income for the year:			
- revaluation increment	172,027	-	172,027
At 31 December 2017	326,588	12,292,789	12,619,377
Surplus for the year	-	166,160	166,160
Other comprehensive income for the year:			
- revaluation decrement	(200,473)	-	(200,473)
At 31 December 2018	126,115	12,458,949	12,585,064

The Infants' Home, Ashfield
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Statement of Cash Flows
for the year ended 31 December 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Receipts from fees and charges, grants and other income		10,500,461	11,119,166
Receipts from government capital grants		20,473	16,500
Payments to suppliers and employees		(10,949,739)	(11,351,300)
Interest paid		(4,805)	(4,846)
Operating Cashflows before donations, bequests and fundraising		(433,610)	(220,480)
Donations, bequests and fundraising		757,877	362,287
Net cash from operating activities	19	324,267	141,807
Cash Flows from Investing Activities			
Proceeds from disposals of investments		1,043,500	1,101,788
Purchase of investments		(1,236,893)	(1,296,128)
Interest received		39,106	22,072
Dividend received		173,100	195,059
Proceeds from disposal of plant and equipment		-	500
Payment for plant and equipment		(220,466)	(724,960)
Net cash (used) in investing activities		(201,653)	(701,669)
Cash Flows from Financing Activities			
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		122,614	(559,862)
Cash and cash equivalents at the beginning of the financial year		680,992	1,240,854
Cash and Cash Equivalents at the end of the Financial Year		803,606	680,992

The Infants' Home, Ashfield
ABN: 71 174 918 661

Notes to the Financial Statements
for the year ended 31 December 2018

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").

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 27 March 2019.

Adoption of New and Revised Accounting Standards

The entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

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 ($).

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

Adoption of AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments*: *Recognition and Measurement*. It makes changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for impairment of financial assets.

The entity has applied AASB 9 for the first time in its 2018 financial report. As noted below the entity changed its accounting policies and made certain retrospective adjustments following the adoption of AASB 9.

Impact on financial statements on adoption of AASB 9

The entity reviewed and assessed the existing financial assets as at 1 January 2017 based on the facts and circumstances that existed at the date and concluded that the initial application of AASB 9 has had the following impact on the entity's financial assets as regards their classification and measurement.

The investments in debt instruments that were classified as available - for - sale financial assets under AASB 139 have been classified as financial assets at Fair value Through Other Comprehensive Income ("FVOCI") as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt investments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on investments continues to be accumulated in the investment valuation reserve until they are derecognised.

The investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available - for - sale ("AFS") financial assets and were measured at fair value at each reporting date under AASB 139 have been designated as at FVOCI.

Note 1 - Summary of accounting policies (continued)

Under AASB 139, on sale of equity investments, any unrecognised gain or loss that was recorded in the reserve was moved from the reserve and recorded in profit or loss (i.e. "recycled"). Under AASB 9, on sale of equity investments, any unrecognised gain or loss remains in the reserve and can be transferred to Accumulated Funds, but cannot be recorded in profit or loss.

Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017:

	As originally presented	Amendments as a result of adopting AASB 9	Restated
	$	$	$
Revenue from operations excluding other income	9,575,562	(37,858)	9,537,704
Net deficit for the year	(33,425)	(37,858)	(71,283)
Other comprehensive income			
Net change in fair value of available for sale financial assets	134,169	(134,169)	-
Equity instruments at FVOCI - fair value changes	-	30,313	30,313
Debt instruments at FVOCI - fair value changes	-	141,714	141,714
Total other comprehensive income	134,169	37,858	172,027
Total comprehensive income for the year	100,744	-	100,744

Impact on the Statement of Financial Position as at 31 December 2017:

		Measurement Category		Carrying Amount		
	Note	Original AASB 139 Category	New AASB 9 Category	Closing balance 31 December 2017 (AASB 139) as originally presented	Amendments as a result of adopting AASB 9	Restated closing balances 31 December 2017 (AASB 9)
Assets				$	$	$
Current financial assets						
Cash and cash equivalents	10	Amortised Cost	Amortised Cost	680,992	-	680,992
Trade and other receivables	11	Amortised Cost	Amortised Cost	223,217	-	223,217
Non-current financial assets						
Available for sale financial assets	12	Available for Sale		4,128,626	(4,128,626)	-
Debt investments	12		Debt FVOCI	-	1,822,566	1,822,566
Equity investments	12		Equity FVOCI	-	2,306,060	2,306,060
Total financial assets				**5,032,835**	**-**	**5,032,835**
Total assets				**14,690,959**	**-**	**14,690,959**

Note 1 - Summary of accounting policies (continued)

Impact on the Statement of Financial Position as at 31 December 2017 (continued):

	Note	Measurement Category		Carrying Amount		
		Original AASB 139 Category	New AASB 9 Category	Closing balance 31 December 2017 (AASB 139) as originally presented	Amendments as a result of adopting AASB 9	Restated closing balances 31 December 2017 (AASB 9)
				$	$	$
Liabilities						
Current financial liabilities						
Trade and other payables	14	Cost	Cost	1,230,183	-	1,230,183
Non-Current financial liabilities						
Trade and other payables	14	Cost	Cost	26,644	-	26,644
Total financial liabilities				**1,256,827**	**-**	**1,256,827**
Total liabilities				**2,071,582**	**-**	**2,071,582**
Total funds				**12,619,377**	**-**	**12,619,377**

Impact on the Statement of Changes in Equity for the year ended 31 December 2017:

Impacted area	AFS financial assets reserve	FVOCI reserve	Accumulated Funds	Total Funds
	$	$	$	$
Opening balance 1 January 2017 (AASB 139) as originally presented	192,419	-	12,326,214	12,518,633
Amendments as a result of adopting AASB 9:				
Reclassify equity investments from AFS financial assets reserve to FVOCI reserve	(187,107)	187,107	-	-
Reclassify debt investments from AFS financial assets reserve to FVOCI reserve	(5,312)	5,312	-	-
Restated opening balances 1 January 2017 (AASB 9)	**-**	**192,419**	**12,326,214**	**12,518,633**

There was no impact on the Statement of Cash Flows following adoption of AASB 9.

Note 1 - Summary of accounting policies (continued)

Significant Accounting Policies

a) 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.
• In addition to the above financial assets that are held within a business model whose objective is to also sell the debt instruments are subsequently measured at fair value through other comprehensive income (FVOCI).
• 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 may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVPL, if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVOCI is derecognised, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. 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.

Debt instruments that are subsequently measured at amortised cost or FVOCI are subject to impairment.

Note 1 - Summary of accounting policies (continued)

Impairment of Financial assets

AASB 9 requires the entity to recognise a loss allowance for expected credit losses on debt investments measured subsequently at amortised cost or at FVOCI; 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, In using this practical expedient, the entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Financial liabilities

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

b) 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.

c) 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.

d) 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

e) 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.

Notes to the Financial Statements
for the year ended 31 December 2018

Note 1 - Summary of accounting policies (continued)

f) 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.

g) Leases

Operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

h) Revenue

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

Dividend revenue is recognised on a receivable basis.

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

Government funding received for specific services is considered reciprocal and brought to account in accordance with AASB 118: *Revenue* .

Other non-recurrent grants to The Infants' Home, Ashfield are recognised as income when control of the contribution or right to receive the contribution is obtained and it is probable that the economic benefits will flow to the entity in accordance with AASB 1004: *Contributions* .

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

i) 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.

j) Comparatives

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

Note 1 - Summary of accounting policies (continued)

k) 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 2018 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, other than as follows:

AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profits
AASB 15 and AASB 1058 will apply to the entity for the first time for the year ending 31 December 2019. The entity has not yet considered the likely impact of these two Standards on future financial reports.

AASB 16: Leases
This Standard will apply to the entity for the first time for the year ending 31 December 2019. This Standard will change how the entity accounts for its current operating leases, which relate currently to its photocopy machines. All such leases (other than leases with lease terms for 1 year or less and leases of low value items, i.e. for around $10,000 or less) will be brought onto the Statement of Financial Position by the recognition of a "Right-of-Use" asset, together with a liability for the present value of the lease payments for the life of the lease.

The future recognition of lease expenses will change, with more expenses recognised in the early periods of a lease, and less in later periods, as there will be a change from the straight-line expense currently recognised to front-ended finance charges. There will also be a change in lease expense classification from recognising operating expenses to recognising financing costs and amortisation.

The entity has not yet calculated the financial impact of these changes

l) 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.

	2018	2017
	$	$
Note 2 - Government grants for operating purposes		
Australian Government		
Inclusion support subsidy	59,824	97,248
Professional development program	-	26,695
	59,824	123,943
NSW Government		
DEC ECEC funding	333,149	337,427
FaCS CGSP funding	135,449	131,845
DEC grant for Young children with disabilities	-	33,782
	468,598	503,054
Local Government		
Local councils	6,900	2,000
	6,900	2,000
	535,322	628,997
Government grants for capital purposes		
NSW Government		
Community Building Partnerships	18,612	15,000
	18,612	15,000
Note 3 - Charges and fees		
Early Education and Care Centres		
Fees collected from families	3,937,809	4,374,815
Child care benefits and rebates	3,125,046	2,805,545
	7,062,855	7,180,360
Family Day Care		
Administration fees	866,286	992,709
Enrolment fees	14,233	20,890
	880,519	1,013,599
Health Services		
Fees from customers and Health funds	2,336	5,015
	2,336	5,015
	7,945,710	8,198,974

	2018	2017
	$	$
Note 4 - Interest on investments		
Interest income	40,151	34,473
	40,151	34,473
Note 5 - Donations and fundraising		
Donations and fundraising	282,724	130,467
Grants	236,591	230,896
	519,315	361,363
Note 6 - Sundry operating income		
Playgroup Fees	11,818	13,499
Rental Income	77,118	77,692
Sundry income	52,033	14,528
	140,969	105,719
Note 7 - Employees cost		
Wages and salaries	6,323,849	6,205,766
Employees' entitlements	760,141	735,236
Superannuation	597,766	586,907
Workers compensation	156,622	183,585
Staff training	56,687	42,789
Staff recruitment	56,799	105,255
Contract staff	52,182	98,492
Others	18,228	17,345
	8,022,274	7,975,375
Note 8 - Materials and services		
Audit fee	19,195	20,641
Consumables	167,698	161,992
Food & drink	311,127	284,163
Insurance	58,041	59,565
Light, gas & fuel	95,341	87,311
Repairs & maintenance	71,957	116,862
Scholarship expenses	53,713	137,543
IT expenses	104,400	104,249
Others	304,010	293,189
	1,185,482	1,265,515

	2018	2017
	$	$

Note 9 - Finance costs

	2018 $	2017 $
Interest expenses and loan account fees	4,805	4,846
Investment management fees and bank charges	37,845	37,189
	42,650	42,035

Note 10 - Cash and cash equivalents

	2018 $	2017 $
Cash on hand	1,840	1,840
Cash at bank	801,766	679,152
	803,606	680,992

Cash at bank includes a term deposit of $20,000 (2017: $20,000) for a bank guarantee held as security against the entity's credit card.

Note 11 - Trade and other receivables - Current

	2018 $	2017 $
Trade receivables	311,727	186,670
(Less provision for doubtful debts)	(5,631)	-
	306,096	186,670
Goods and services tax (GST) receivable	12,779	14,632
Other debtors-Accrued income	19,065	21,915
Total trade and other receivables (net)	337,940	223,217

Note 12 - Non-current other financial assets

	2018 $	2017 $
Unit Trusts - FVPL	34,456	-
Debt investment - FVOCI	1,958,489	1,822,566
Equity investment- FVOCI	2,149,288	2,306,060
	4,142,233	4,128,626

	2018	2017
	$	**$**

Note 13 - Property, plant and equipment

	2018 $	2017 $
Freehold land and buildings		
At cost	379,800	379,800
Improvement at cost	10,717,965	10,490,676
(Less Accumulated depreciation)	(1,893,959)	(1,584,641)
	9,203,806	9,285,835
Furniture and plant		
At cost	170,646	165,996
(Less Accumulated depreciation)	(170,646)	(153,147)
	-	12,849
Computer equipment at cost	264,470	289,426
(Less Accumulated depreciation)	(228,379)	(236,571)
	36,091	52,855
Equipment at cost	214,250	200,121
(Less Accumulated depreciation)	(188,556)	(180,719)
	25,694	19,402
Motor vehicles at cost	74,361	74,361
(Less Accumulated depreciation)	(73,916)	(68,621)
	445	5,740
Program area equipment at cost	49,271	49,271
(Less Accumulated depreciation)	(43,079)	(41,814)
	6,192	7,457
Capital works in progress	159,515	196,979
(Less Accumulated depreciation)	-	-
	159,515	196,979
Total Property, Plant and Equipment	9,431,743	9,581,117

13 - Property, plant and equipment (continued)

Reconciliation 2018

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

	2018 $	2017 $
Freehold land & buildings		
Carrying amount at beginning		
At cost	379,800	379,800
Improvements at cost	8,906,036	8,606,354
Additions	-	19,729
Transfer from Capital works in progress	227,290	536,983
Depreciation expense	(309,319)	(257,030)
	9,203,806	9,285,836
Furniture and plant		
Carrying amount at beginning	12,849	38,437
Additions	4,650	-
Depreciation expense	(17,499)	(25,588)
	-	12,849
Computer equipment		
Carrying amount at beginning	52,855	62,666
Additions	3,908	12,937
Disposal		
cost	(28,864)	-
accumulated depreciation	28,864	-
Depreciation expense	(20,672)	(22,748)
	36,091	52,855
Equipment		
Carrying amount at beginning	19,402	38,127
Additions	22,082	
Disposal		
cost	(7,953)	
accumulated depreciation	7,953	
Depreciation expense	(15,790)	(18,725)
	25,694	19,402
Motor vehicles		
Carrying amount at beginning	5,740	12,711
Additions		
Disposal		
cost	-	(3,914)
accumulated depreciation	-	3,327
Depreciation expense	(5,295)	(6,384)
	445	5,740
Program area equipment		
Carrying amount at beginning	7,457	6,445
Additions	-	3,595
Depreciation expense	(1,265)	(2,583)
	6,192	7,457
Capital works in progress		
Carrying amount at beginning	196,979	27,628
Additions	189,826	706,333
Transfer to buildings	(227,290)	(536,982)
	159,515	196,979
Total Property, Plant and Equipment	9,431,743	9,581,117

	2018 $	2017 $
Note 14 - Trade and Other Payables		
Fees in advance	298,971	214,776
Deferred grants	143,646	225,517
GST payable	12,890	12,373
Creditors and accruals	484,807	465,934
Lease liability - current	8,817	8,231
Enrolment deposits	324,082	303,352
Total trade and other payables - current	1,273,213	1,230,183
Lease liability non-current	17,827	26,644
Total trade and other payables	1,291,040	1,256,827

Note 15 - Provisions

	2018 $	2017 $
Annual leave	530,267	486,878
Long service leave	378,171	327,877
	908,438	814,755
Provisions for employee benefits are recognised as:		
Current	663,973	585,170
Non-current	244,465	229,585
	908,438	814,755

Note 16 - 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 (2017: $Nil).

Note 17 - Leases

Operating leases

Leasing Arrangements

Operating leases relate to the Home’s photocopy machines with lease terms of up to 5 years. Balances are GST exclusive.

Non-cancellable operating leases

	2018 $	2017 $
Not longer than 1 year	8,835	8,835
Longer than 1 year and not longer than 5 years	17,593	26,427
	26,428	35,262

Finance leases

Leasing Arrangements

Finance leases relate to the Home’s telephone equipment with lease terms of up to 5 years. Balances are GST exclusive.

	2018 $	2017 $
Not longer than 1 year	8,817	8,231
Longer than 1 year and not longer than 5 years	17,827	26,644
	26,644	34,875

	2018	2017
	$	$

Note 18 - 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 19 - Reconciliation of cash flow

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

	2018 $	2017 $
Cash and cash equivalents at the end of the year is shown as:		
Cash at bank and on hand	803,606	680,992
Reconciliation of cash flow from operating activities with operating surplus/(deficit) from continuing operations	166,160	(71,283)
Non-cash flows in operating surplus/(deficit):		
Depreciation	369,840	333,059
(Gain)/Loss on sale of investments	2,182	8,926
Loss on disposal	-	87
Provisions for doubtful debts	5,631	-
Adjustment to operating result from investing activities	(235,075)	(205,834)
Changes in assets & liabilities		
(Increase)/Decrease in receivables	(120,354)	17,449
(Increase)/Decrease in other current assets	7,987	(34,202)
Increase/(Decrease) in trade creditors and accruals	34,213	98,927
Increase/(Decrease) in provisions	93,683	(5,322)
Net cash flows from operating activities	**324,267**	**141,807**

Note 20 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:

	2018 $	2017 $
Total compensation	218,897	214,714

Note 21 Reserves

	2018 $	2017 $
Fair value through other comprehensive income (FVOCI) reserve		
Balance at start of year	326,588	192,419
FVOCI - debt/equity instruments fair value changes	(200,473)	134,169
Balance at end of year	126,115	326,588

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

Note 22 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 23 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

	2018 $	2017 $
Gross proceeds from fundraising appeals		
Fete and Events	20,573	8,279
Appeal for capacity building	144,200	-
Appeal for capital projects	80,122	34,372
Appeal for early intervention	238,562	272,613
	483,457	315,264
Fundraising costs		
Fete and Events	24,602	7,417
Appeal for capacity building	15,750	3,442
Appeal for capital projects	15,750	6,883
Appeal for early intervention	165,378	165,193
Less Total costs of fundraising	221,481	182,935
Net surplus from fundraising	261,976	132,329

Application of funds for charitable purpose

	2018 $	2017 $
Opening balance	-	-
Net proceeds from fundraising for the year	261,976	132,329
Capital project	(64,372)	(27,489)
Early Intervention, centres improvement and equipment	(197,604)	(104,840)
Closing balance	-	-

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 2018 and of its performance for the financial year ended on that date; and

ii. complying with Australian Accounting Standards - Reduced Discolsure 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

27 March 2019

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
Chief Executive Officer

John Shen
Finance Manager

27 March 2019

HLB MANN JUDD

Auditor's Independence Declaration

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of The Infants' Home, Ashfield for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

Sydney, NSW
27 March 2019

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

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(HLB) MANN JUDD

Independent Auditor's Report to the Members of The Infants' Home, Ashfield:

Opinion

We have audited the financial report of The Infants' Home, Ashfield ("The Infants' Home") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in accumulated funds, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion:

(a) the accompanying financial report of The Infants' Home is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

   (i) giving a true and fair view of The Infants' Home's financial position as at 31 December 2018 and of its financial performance and cash flows for the year then ended;
   (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013;*

(b) we have been given all information, explanation and assistance necessary for the conduct of the audit;

(c) The Infants' Home has kept financial records sufficient to enable a financial report to be prepared and audited;

(d) The Infants' Home has kept other records as required by Part 3.2 of the ACNC Act.

(e) the financial report gives a true and fair view of the financial result of fundraising appeals for the financial year;

(f) any money received as a result of fundraising appeals conducted during the year ended 31 December 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the Regulations thereto;

(g) the financial statements and associated records have been properly kept during the financial year in accordance with provisions of the *Charitable Fundraising Act 1991 (NSW)* and the Regulations thereto; and

(h) at the date of this statement there are reasonable grounds to believe that The Infants' Home will be able to pay its debts as and when they fall due.

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 Infants' Home in accordance with the auditor independence 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 confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* has been given to the Directors.

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HLB MANN JUDD

Basis for opinion (continued)

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

Responsibilities of the Directors for the Financial Report

The Directors of The Infants' Home are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012,* the *Charitable Fundraising Act 1991 (NSW)* and the Regulations thereto and for such internal control as the Board 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, the Board is responsible for assessing The Infants' Home'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 the Board either intend to liquidate The Infants' Home or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for overseeing The Infants' Home's financial reporting process.

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 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Infants' Home's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 Infants' Home'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 Infants' Home 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.

HLB MANN JUDD

Auditor's Responsibilities for the Audit of the Financial Report (continued)

We communicate with the Directors 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D K Swindells
Partner

Sydney, NSW
27 March 2019