Very Special Kids

(ABN 86 109 832 091)

Financial Statements
for the year ended 30 June 2020

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Directors' report for the year ended 30 June 2020

The directors present their report together with the financial statements of Very Special Kids ("the Company") for the financial year ended 30 June 2020 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr Peter Polson, B.Comm, MBL

Ms Wendy Thorpe, BA, BBus (Accounting), GradDipAppFin and Investment, FFin, GAICD, AMP 172 (Harvard)

Ms Heidi Roberts, LLB (Hons), MBus (HR Management and Industrial Relations)

Dr Susie Gibb, MBBS, FRACP

Mr Rhys Jewell LLB, B.Comm

Dr Adam Scheinberg MBBS,FRACP, FAFRM, DCH, MMed

Ms Therese Robinson, MPA, BSc Science

2. Directors' meetings

The number of directors' meetings and Finance, Risk and Audit Committee meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		**Finance, Risk and Audit Committee Meetings**	
Director	**A**	**B**	**A**	**B**
Mr Peter Polson	7	7	4	6
Dr Susie Gibb	7	7	-	-
Mr Rhys Jewell	7	7	5	6
Ms Heidi Roberts	6	7	-	-
Dr Adam Scheinberg	7	7	-	-
Ms Wendy Thorpe	7	7	6	6
Ms Therese Robinson	7	7	-	-

A – Number of meetings attended **B** – Number of meetings held during the time the director held office during the year

3. Principal activities

The principal activity of the company was to support families with a child with a life limiting condition find and sustain hope.

There were no significant changes in the nature of the activities of the Company during the year.

4. Results

The net result from operations was a deficit of $391,469 (2019: surplus of $355,143) for the financial year.

5. Directors' remuneration

No remuneration was paid to directors of the Company for the financial year ended 30 June 2020.

6. Dividends

No dividend has been paid or declared in respect of the financial year.

7. State of affairs

The impact of COVID-19 and the current economic environment has been considered when preparing these financial statements. The directors consider it appropriate to adopt the going concern basis of accounting in preparing this information, even though COVID-19 has impacted performance, financial position and cash flows, and will continue to do so. The Company has operated at reduced capacity since March 2020, and this has reduced the ability to fundraise and hold large events.

The directors believe that there is sufficient cash in reserve for the Company to continue to meet its ongoing obligations and commitments. Management is actively managing costs, monitoring impacts on the ability to fundraise, and is developing strategies to continue to engage with the community both at the corporate level and in the wider community.

When the economic downturn began, the Company was in a very strong financial position, with significant reserves in its investment portfolio and the directors remain confident of the ability to navigate through these unprecedented times and emerge relatively intact. A decision was made to delay the demolition and rebuild of the hospice by six months, but momentum continues with the planning and vision towards a 2022 completion.

8. Events subsequent to reporting date

Aside from the continuation of the current pandemic, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operation of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

9. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the financial year ended 30 June 2020.

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Very Special Kids

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Vicky Carlson
Partner

Melbourne

21 October 2020

Directors' declaration

1 In the opinion of the directors of Very Special Kids ("the Company"):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 5 to 26 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2020 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

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Wendy Thorpe
Director

Rhys Jewell
Director

Dated at Melbourne on the 21st day of October 2020.

Statement of comprehensive income for the year ended 30 June 2020

	Note	2020	2019
Operating revenue	2	8,635,055	8,591,895
Depreciation and amortisation		(478,627)	(425,252)
Loss on disposal of asset	6	(172,301)	-
Employee expenses	12	(6,824,769)	(6,211,867)
Administration		(293,265)	(261,779)
Property and maintenance		(254,645)	(311,549)
Promotions		(341,494)	(425,382)
Cost of sales		(174,122)	(45,381)
Gain/(Loss) on sale of investments		(78,110)	7,123
Other expenses		(409,190)	(562,665)
Surplus/(Deficit) for the year		**(391,469)**	**355,143**
Other comprehensive income			
Investment at FVOCI – fair value changes		(509,737)	(67,137)
Other comprehensive income for the period, net of income tax		**(509,737)**	**(67,137)**
Total comprehensive income for the period		**(901,206)**	**288,006**

The statement of comprehensive income is to be read in conjunction with the notes set out on pages 10 to 26.

Statement of changes in equity for the year ended 30 June 2020

	Retained earnings	Fair value reserve	Total equity
Opening balance as at 1 July 2018	18,173,431	542,197	18,715,628
Total comprehensive income for the year	355,143	(67,137)	288,006
Closing balance as at 30 June 2019	18,528,574	475,060	19,003,634
Opening balance as at 1 July 2019	18,528,574	475,060	19,003,634
Total comprehensive income for the year	(391,469)	(509,737)	(901,206)
Closing balance as at 30 June 2020	18,137,105	(34,677)	18,102,428

The statement of changes in equity is to be read in conjunction with the notes set out on pages 10 to 26.

Statement of financial position as at 30 June 2020

	Note	30 June 2020	30 June 2019
Assets			
Cash at bank	3	1,221,471	2,955,787
Cash trust		1,638,820	245,304
Receivables		509,621	402,573
Inventories		92,440	85,553
Prepayments		455	-
Total current assets		3,462,807	3,689,217
Restricted cash – Hospice rebuild	3, 13	8,743,388	7,875,244
Investments	4	7,206,658	8,825,096
Fixed assets	5	10,008,262	9,641,055
Intangible assets	6	104,818	178,135
Total non-current assets		26,063,126	26,519,530
Total assets		29,525,933	30,208,747
Liabilities			
Trade payables and accrued expenses		439,631	1,407,700
Provision for employee benefits		304,094	429,159
Income received in advance		1,414,080	1,041,745
Income received in advance – Hospice rebuild	13	8,743,388	7,875,244
Total current liabilities		10,901,193	10,753,849
Provision for employee benefits		522,312	451,265
Total non-current liabilities		522,312	451,265
Total liabilities		11,423,505	11,205,113
Net assets		18,102,428	19,003,634
Equity			
Retained earnings		18,528,574	18,173,431
Current year surplus/(deficit)		(391,469)	355,143
Fair value reserve		(34,677)	475,060
Total equity		18,102,428	19,003,634

The statement of financial position is to be read in conjunction with the notes set out on pages 10 to 26.

Statement of cash flows for the year ended 30 June 2020

	Note	**2020**	**2019**
Cash flows from operating activities			
Government grants		2,264,452	2,537,430
Government covid-19 support		695,000	-
Fundraising Income		4,130,681	5,554,387
Other income		52,101	73,514
Cash payments to suppliers and employees		(7,935,483)	(6,931,173)
Net cash from operating activities	11	(793,249)	1,234,158
Cash flows from investing activities			
Income from investments		350,876	478,899
Payments for fixed and intangible assets		(944,818)	(419,340)
Purchase of investments		(810,825)	(1,127,994)
Proceeds from disposal of investments		1,857,218	834,775
Net cash used in investing activities		452,451	(233,660)
Net increase/(decrease) in cash and cash equivalents		(340,798)	1,000,498
Cash and cash equivalents at 1 July		3,201,089	2,200,593
Cash and cash equivalents at 30 June	11	2,860,291	3,201,091

The statement of cash flows is to be read in conjunction with the notes set out on pages 10 to 26.

Index to notes to the financial statements

Notes to the financial statements for the year ended 30 June 2020

1 Significant accounting policies

Very Special Kids ("the Company") is a company domiciled in Australia. The address of the Company's registered office is 321 Glenferrie Road, Malvern Victoria 3144. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Company is considered to be a not-for-profit Company.

(a) Basis of preparation

In the opinion of the directors, the Company is not publicly accountable. These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASB) – reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

The Company have consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise in note 1(d). Certain comparative amounts in the statement of financial position has been re-presented as a result of a change in classification in the current year.

The financial statements were authorised for issue by the directors on 21st October 2020.

(b) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates 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 any future periods affected.
Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relate to revenue recognition and is described further in note 1(f).

(d) Application of new and revised Accounting Standards

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.

The new standards were effective from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations.

The Company has determined to adopt a modified retrospective approach. As such, the new Standards will not be applied to contracts that are completed by the date of initial application of 1 July 2019.

There was no impact from transition on the statement of comprehensive income, nor the statement of changes in equity. For information about the Company's revenue accounting policies, refer note 1(f).

AASB 16 Leases

The Company initially applied AASB 16 Leases from 1 July 2019, using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements have not been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4, *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a new contract is or contains a lease based on the definition of a lease, as explained in note 4(o).

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Therefore, the definition of a lease under AASB 16 was applied only to contract entered into or changed on or after 1 July 2019.

Leases classified as operating leased under AASB 117

Previously, the Company classified property and some equipment leases as operating leases under AASB 117. On transition, lease liabilities were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate. Right-of-use assets were measured at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company:

- did not recognise right-of-use assets and lease liabilities for leases for which the lease term ends within 12 months of initial application;

- did not recognise right-of-use assets and lease liabilities for leases for leases of low value assets;

- used hindsight when determining the lease term; and

- measured the right-of-use (ROU) assets arising from 'peppercorn' or concessionary leases on the application of the new leases standard, AASB 16 *Leases*, at cost as per AASB 16 Leases and AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets for Not-for-Profit Entities*.

Leases classified as finance leases under AASB 117

For leases classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability on 1 July 2019 were determined at the carrying amount of the lease asset and lease liability immediately before that date.

Impact on initial application

As a result of applying practical expedients (discussed above), there was no impact on the financial statements of the company on adoption.

(e) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2020, with earlier application permitted. The Company has not adopted the new or amended standards and interpretations in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to AASB 3)
- AASB 17 *Insurance Contracts*.

(f) Revenue

Accounting policy before 1 July 2019:

The Company recognises revenue under AASB 9 *Financial Instruments*, AASB 1004 *Contributions*, AASB 118 *Revenue*, AASB 111 *Construction Contracts* and the related Interpretations as appropriate.

The Company recognises revenue from the following major sources:

Investment income

Investment income is recognised as it accrues unless collectability is in doubt.

Dividend revenue

Dividend revenue is recognised when the shareholder's right to receive payment has been established, provided it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Government grants

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

Donations and bequests

Donation and bequest income is recognised when the funds are received where no conditions exist. Where conditions on the income exist they are recognised as income received in advance and recognised when the condition is met or amortised over the condition period.

Accounting policy from 1 July 2019:

The Company recognises revenue under AASB 9 *Financial Instruments*, AASB 1058 *Income for Not-for-Profit Entities* or AASB 15 *Revenue from Contracts with Customers* when appropriate. Under AASB 15 income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Company expects to be entitled and excludes amounts collected on behalf of third parties.

If the company enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, AASB 1058 applies. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as revenue immediately.

The Directors recognise the significant contribution made by volunteers throughout the year but have decided not to recognise volunteer services within the financial statements, given the true value of these services is not reliably measurable in financial terms.

The Company recognises revenue from the following major sources:

Investment income

Investment income is recognised as it accrues unless collectability is in doubt.

Dividend revenue

Dividend revenue is recognised when the shareholder's right to receive payment has been established, provided it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Government grants

If performance obligations are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. Grant income for contracts with specific performance obligations is recognised over time based on input method. The Company has made a decision that expense is a generally a good indicator of performance obligations being performed over time.

Revenue from grant that is not subject to specific performance obligations is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

The expenditure to which the grant relates is expensed as incurred if it does not meet the capitalisation criteria for costs incurred to fulfil a contract. The expenditure may not correlate to the timing of grant receipts.

The Board has approved the rebuild of the Hospice and has received $7.5 million from the federal government, for which no revenue has been recognised and the full amount has been included as income in advance as at 30 June 2020, consistent with the treatment at 30 June 2019.

Donations and bequests

Donation income with specific performance obligations are recognised over time based on input method. The Company has made a decision that expense is generally a good indicator of performance obligations being performed over time.

Bequests are recognised at the fair value of the benefit received when receipt of the amount is certain and in accordance with the express conditions and terms of the will.

(g) Income tax

Very Special Kids is registered as a charity on the basis that it is a public benevolent institution and as such is endorsed as exempt from Federal Income Tax in accordance with the provisions of Subdivision 50-B of the Income Tax Assessment Act 1997 as amended.

(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on-hand; deposits held at call with financial institutions; and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalent balances held by the Company that are not available for its use in operating activities have been disclosed separately as restricted cash.

(i) Property, plant and equipment

Assets with a cost of $1,000 or more are capitalised. Depreciation is calculated on a straight-line basis except for vehicles which are calculated on a diminishing value basis. The cost of buildings is amortised over the period of lease of the property or over 25 years where the property is owned.

Furniture and fittings	5-20%
Computers	20%
Buildings	3-10%
Vehicles	22.5%
Trailers	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Intangibles

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite.

Software	20%

Amortisation has been included within depreciation and amortisation.

Intangible assets are assessed for impairment on an annual basis.

(k) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(m) Investments

The fair value through other comprehensive income investments held by the Company consist of managed funds and direct holding in fixed interest securities. Investments are recognised by the Company on the date the Company commits to the purchase. Investments are derecognised by the Company on the date the Company sells the investments. When these investments are derecognised, the cumulative unrealised gain or loss previously recognised directly in equity is recognised in the statement of comprehensive income.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. When a decline in the fair value of an investment has been recognised directly in equity and a credit loss is expected, a loss allowance is recorded in comprehensive income.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australia Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

(o) Leases

Accounting policy before 1 July 2019:

At inception of an arrangement, the Company determines whether such an arrangement contains a lease. Payments made under operating leases are recognised in comprehensive income on a straight-line basis over the term of the lease.

Accounting policy from 1 July 2019:

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. The Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset;

- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and

- the Company has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, and estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease agreement commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing determined by obtaining interest rates from various financing sources reflecting type of assets leased.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured to reflect any modification, change in future lease payments arising from a change in index or rate, or if the company changes its assessment of whether it will exercise options to purchase, extend or terminate.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for low-value assessments and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term lease term.

(p) Auditor’s remuneration

The audit for Very Special Kids is performed by KPMG on a pro bono basis.

2 Revenue

	2020 $	2019 $
Revenue from operating activities:		
Government grants	2,264,452	2,109,851
Government covid-19 support*	953,000	-
Piggy Bank Appeal	932,147	940,496
Events	1,215,644	1,855,237
Trusts & Foundations donations	706,314	840,956
Other gifts and donations	2,144,718	2,292,942
Investment income**	366,678	478,899
Other income	52,101	73,514
	8,635,055	8,591,895

* the Company was eligible and received support which primarily relates to JobKeeper.

** investment income is made up of fund distributions, interest and dividends.

The following is a breakdown of revenue tied to specific performance obligations:

Single performance obligation	584,608
Multiple performance obligations	410,046
	994,654

The following is a breakdown of the timing of revenue recognition:

Point-in-time revenue recognition	7,640,401
Over-time revenue recognition	994,654
	8,635,055

3 Cash at bank

Operating account	229,273	2,955,374
Piggy Bank Appeal account	99,858	284,568
Petty cash	2,100	900
Online saver account	890,241	90,189
Restricted cash at bank	8,743,388	7,875,244
Cash at bank	9,964,859	10,831,031

4 Investments

JBWere Portfolio – VSK	5,242,320	6,620,350
JBWere Portfolio – Future Fund	1,964,338	2,204,746
	7,206,658	8,825,096

5 Fixed assets

	2020 $	2019 $
Land and buildings – Glen Osmond Farm		
Opening cost	1,375,415	1,375,415
Additions	957	-
Closing cost	1,376,372	1,375,415
Opening accumulated depreciation	(305,516)	(256,299)
Depreciation recognised in profit or loss	(49,193)	(49,217)
Closing accumulated depreciation	(354,709)	(305,516)
Closing carrying value	1,021,663	1,069,899
Land and buildings and Leasehold improvements – Malvern		
Opening cost	10,182,540	10,182,540
Additions	-	-
Closing cost	10,182,540	10,182,540
Opening accumulated amortisation	(2,308,525)	(2,091,035)
Amortisation recognised in profit or loss	(209,868)	(217,490)
Closing accumulated amortisation	(2,518,393)	(2,308,525)
Closing balance	7,664,147	7,874,015
Hospice Work in Progress		
Opening cost	150,838	-
Capitalised costs	584,607	150,838
Closing cost / balance	735,445	150,838

Fixed assets (continued)	2020 $	2019 $
Furniture and equipment		
Opening cost	1,061,705	981,088
Additions	65,583	80,617
Closing cost	1,127,288	1,061,705
Opening accumulated depreciation	(772,398)	(723,346)
Depreciation recognised in profit or loss	(55,675)	(49,052)
Accumulated depreciation	(828,073)	(772,398)
Closing balance	299,214	289,307
Computers		
Opening cost	487,535	470,311
Additions	151,456	17,224
Closing cost	638,991	487,535
Opening accumulated depreciation	(258,468)	(163,804)
Depreciation recognised in profit or loss	(111,909)	(94,664)
Accumulated depreciation	(370,377)	(258,468)
Closing balance	268,614	229,067
Vehicles		
Opening cost	62,340	62,340
Closing cost	62,340	62,340
Opening accumulated depreciation	(37,595)	(30,411)
Depreciation recognised in profit or loss	(5,568)	(7,184)
Accumulated depreciation	(43,163)	(37,595)
Closing balance	19,177	24,745

Fixed assets (continued)	**2020 $**	**2019 $**
Trailers and other		
Opening cost	27,256	27,256
Closing cost	27,256	27,256
Opening accumulated depreciation	(24,072)	(18,621)
Depreciation recognised in profit or loss	(3,184)	(5,451)
Accumulated depreciation	(27,256)	(24,072)
Closing balance	0	3,184
Total Fixed Assets	10,008,262	9,641,055

6 Intangible assets

	2020 $	**2019 $**
Software		
Opening cost	181,632	10,970
Disposal	(172,301)	-
Additions	142,215	170,662
Closing cost	151,546	181,632
Opening accumulated amortisation	(3,497)	(1,303)
Amortisation recognised in profit or loss	(43,231)	(2,194)
Accumulated amortisation	(46,728)	(3,497)
Closing balance	104,818	178,135

The asset disposal relates to the care management software which management decided was no longer fit for purpose.

7 Contingencies and commitments

As at 30 June 2020 the directors are not aware of any contingent liabilities or commitments that should be disclosed within these financial statements.

8 Related parties

No remuneration was paid to directors for the year ended 30 June 2020.

No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

The Company's related parties include its key management personnel. Key management of the Company are the CEO; General Manager – Service Delivery and Improvement; General Manager – Fundraising and Communications; and the General Manager – Business & Finance.

Key management personnel remuneration includes the following expenses:

	2020	**2019**
	$	**$**
Remuneration for key management personnel	654,500	659,573

9 Subsequent events

Aside from the continuation of the current pandemic, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

10 Financial instruments

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks. The Board of Directors and Finance, Risk & Audit Committee have overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash holdings and receivables to the extent of their carrying values and accrued interest.

Cash

The Company invests in cash management funds via the Goldman Sachs JBWere Cash Trust and term deposits held with Australian banks, with a direct or underlying A1 credit rating assigned by Standard & Poor's.

Receivables

Receivables are non-interest bearing and represent accrued distributions. The credit risk exposure of the Company in relation to receivables is the carrying amount.

Management does not expect any counterparty to fail to meet its obligations and have determined that no balances are overdue or impaired.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its cash flow requirements and ensures that it has sufficient cash, access to loan facilities or holdings in liquid securities to meet all financial obligations as they fall due.

Significant cash inflows of the Company include government grants, appeals and donations. Significant cash outflows relate to employee expenses and delivery of service.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. Market risk is minimised by ensuring that the Company's investment portfolio is not over exposed to one particular company or sector. The relative weightings of the individual securities and the relevant market sectors are reviewed by management frequently.

Interest rate risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in the table below:

30 June 2020

	Floating interest rate	**Fixed interest maturing in:**		**Non-interest bearing**	**Total**
		1 year or less	**Over 1 year but less than 5**		
Financial assets					
Cash and cash trust		11,272,449	-	331,231	11,603,680
Receivables				509,621	509,621
Interest securities	3,679,087	556,880			4,235,967
	3,679,087	**11,829,329**	**-**	**840,852**	**16,349,268**
Weighted average interest rate	3.21%	0.85%	-		
Financial liabilities					
Trade payables	-	-	-	136,169	136,169

Accrued expenses	-	-	-	303,462	303,462
				439,631	**439,631**

30 June 2019

	Floating interest rate	Fixed interest maturing in:		Non-interest bearing	Total
		1 year or less	Over 1 year but less than 5		
Financial assets					
Cash and cash trust	284,568	7,835,493	-	2,956,274	11,076,335
Receivables				402,573	402,573
Interest securities	4,172,136	569,705			4,741,841
	4,456,704	**8,405,198**	**-**	**3,358,847**	**16,220,749**
Weighted average interest rate	3.25%	1.70%	-		
Financial liabilities					
Trade payables	-	-	-	70,324	70,324
Accrued expenses	-	-	-	1,337,376	1,337376
				1,407,700	**1,407,700**

Currency risk

The Company has no direct exposure to currency risk as all of the Company's investments are quoted in Australian dollars.

Net fair value of financial assets and liabilities

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

Financial instruments

Securities included in investments are readily traded on organised markets in a standardised form. The net fair value of equity securities is determined by valuing them at the last quoted sale price as at balance date.

Other financial assets and liabilities

For all other financial assets and liabilities, the carrying amount closely approximates its fair value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable data)

As at 30 June 2020

Financial assets	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total**
Fair value through OCI: Corporate Debts and Managed Funds	-	7,206,658	-	7,206,658

As at 30 June 2019

Financial assets	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total**
Available-for-sale: Corporate Debts and Managed Funds	-	8,646,823	-	8,646,823

There have been no transfers between the different levels for the year ended 30 June 2020.

11 Reconciliation of cash flows from operating activities

The statement of cash flows presented in the financial statements incorporates cash flows from the following statement of financial position cash and cash equivalent accounts:

	2020 $	**2019 $**
Cash at bank	1,221,471	2,955,787
Cash trust	1,638,820	245,304
Total cash and cash equivalents	2,860,291	3,201,091

Cash flows from operating activities		
Surplus/(Deficit) for the year	(391,468)	355,143
Adjustments for:		
Depreciation, amortisation and asset disposal	650,928	425,252
Investment income from investing activities	(350,876)	(478,899)
Profit/loss on sale from investments and fixed assets	78,110	(7,123)
	(13,306)	294,373
Change in receivables	(122,851)	(117,581)
Change in inventories	(6,887)	(7,920)

Change in prepayments	(455)	22,333
Change in accrued expenses and trade payables	(968,069)	913,053
Change in income received in advance	372,337	52,336
Change in provision for employee benefits	(54,018)	77,565
Cash generated from operating activities	(779,943)	939,786
Net cash from operating activities	(793,249)	1,234,158

12 Employee Expenses

Superannuation Contributions	536,511	489,946

13 Restricted cash / Income received in advance – Hospice rebuild

Unspent funds of $8,743,388 provided for the hospice rebuild have been quarantined and are reflected in the statement of financial position as ‘restricted cash’.

The transition to AASB 15 has resulted in a change in terminology, whereby income received in advanced can be referred to as contract liabilities. The Company has chosen to continue using the term ‘Income received in advance’ on the statement of financial position for the purpose of clarity. These funds will be released through the statement of comprehensive income over the duration of the hospice rebuild.

Independent Auditor's Report

To the members of Very Special Kids

Opinion

We have audited the ***Financial Report***, of Very Special Kids (the Company).

In our opinion, the accompanying Financial Statements of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and the *Australian Charities and Not-for-profits Commission Regulation 2013* (collectively the Act and Regulations) including:

i. giving a true and fair view of the Company's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

i. Statement of financial position as at 30 June 2020;

ii. Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;

iii. Notes including a summary of significant accounting policies; and

iv. Directors' declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Very Special Kids' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC;

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

iii. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report[1]

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. 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. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. 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;

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control;

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

iv. 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 registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern; and

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Company 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.

KPMG

Vicky Carlson

Partner

Melbourne

21 October 2020