

2020 Year Financial Statements for

HAY CHILDREN'S SERVICES INCORPORATED

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Committee's Report

HAY CHILDREN'S SERVICES INCORPORATED For the year ended 31 December 2020

Committee's Report

Your committee members submit the financial report of HAY CHILDREN'S SERVICES for the period ended 31 December 2020.

Committee Members

The names of committee members throughout the year and at the date of this report are:

Committee Member	Position	Date Started	Experience	Qualification
Polly Lugsdin	Secretary	07/10/2019	Small Business Manager	Business Administration
Emily Perkins	President	07/10/2019	Small Business Manager	Bachelor of Business; Bachelor of Animal Science; Masters in Leadership; Frontline Management
Charlie Wythes	Treasurer	07/10/2019	Banking and finance	Bachelor of Business
Cas Tidey	Committee	07/10/2019 - resigned 7/12/2020	Early Childhood Educator	Diploma of Early Childhood Education and Care
Kelley Townsend	Committee	07/10/2019 - resigned 1/11/2020	Early Childhood Educator	Diploma of Early Childhood Education and Care
Emily Turner	Committee	07/10/2019 - resigned 5/8/2020	Teacher	Bachelor of Teaching
Cath Nelson	Committee	07/10/2019	Teacher	Bachelor of Teaching

Meetings of Committee Members

During the financial year, a number of committee meetings were held. Attendances by each of committee member during the year were as follows:

Committee Members Name	Number Eligible to Attend	Number Attended
Polly Lugsdin	10	9
Emily Perkins	10	10
Charlie Wythes	10	10
Cath Nelson	10	9
Cas Tidey	9	9
Emily Turner	5	1
Kelley Townsend	7	7

Principal Activities

a childcare, preschool, and mobile care services provider

Significant Changes

The Association commenced operations in the the last quarter of the 2020 year as a result of the merger of Hay Preschool & Kindergarten Inc, Hay Mobile Childrens Services Inc, and Hay Plains Child Care Centre Inc. Trading commenced in the last quarter of the 2020 year, with effective control of services and the combined assets and liabilities transferred to the Association.

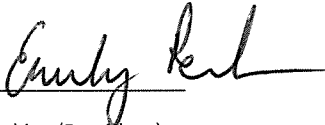
Operating Result

The deficit after providing for income tax for the financial period amounted to \$140,459. The deficit does not reflect a full year of trading. The December quarter expenses have been largely reported as expenses of the Association. The December quarter contributions and grant funding have been largely reported as revenue by Hay Preschool & Kindergarten Inc, Hay Mobile Childrens Services Inc, and Hay Plains Child Care Centre Inc.

Going Concern - economic dependence

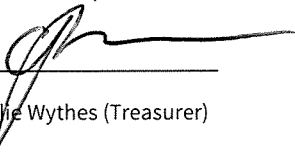
This financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the association to continue to operate as a going concern is dependent upon ongoing Funding from both State and Federal Government, and the ability of the association to generate sufficient cashflows from operations to meet its liabilities. The members of the association believe that the Government Funding is continuing, and that the going concern assumption is appropriate.

Signed in accordance with a resolution of the Members of the Committee on:



Emily Perkins (President)

Date 27, 6, 21



Charlie Wythes (Treasurer)

Date 24, 6, 21

Income and Expenditure Statement

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

2020

Income

Contributions & Parent Fees	37,224
Grant Operating	
NSW DEC Funding	26,576
FRRR Grant	18,112
Dept Ed, Skills and Training	79,997
Total Grant Operating	124,684
Total Income	161,908

Gross Surplus 161,908

Other Income

Fundraising	5,242
Donations	28
Other Income	22
Interest Income	66
Total Other Income	5,358

Expenditure

Depreciation	9,819
Employee expenses	218,569
Fundraising expenses	2,064
Administration	25,477
Occupancy expenses	20,834
Program delivery	30,553
Loss on disposal of fixed assets	409
Total Expenditure	307,725

Current Year Surplus/ (Deficit) Before Income Tax (140,459)

Net Current Year Surplus After Income Tax (140,459)

The accompanying notes form part of these financial statements.

Assets and Liabilities Statement

HAY CHILDREN'S SERVICES INCORPORATED

As at 31 December 2020

NOTES 31 DEC 2020

Assets

Current Assets

Cash and Cash Equivalents	2	1,485,742
Trade and Other Receivables	3	19,462
Total Current Assets		1,505,204

Non-Current Assets

Plant and Equipment and Vehicles	4	143,663
Total Non-Current Assets		143,663

Total Assets 1,648,867

Liabilities

Current Liabilities

Trade and Other Payables	5	72,643
GST Payable		4,408
Deferred Income	6	180,195
Employee Entitlements	7	135,227
Total Current Liabilities		392,474

Total Liabilities 392,474

Net Assets 1,256,393

Member's Funds

Retained Earnings / (Accumulated Deficit)		(140,459)
Reserves	8	1,396,853
Total Member's Funds		1,256,393

The accompanying notes form part of these financial statements.

Movements in Equity

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

	NOTES	2020
Equity		
Opening Balance		-
Increases		
Deficit for the Period		(140,459)
Transfer of net assets	11	1,396,853
Total Increases		1,256,393
Total Equity		1,256,393

The accompanying notes for part of these financial statements.

Statement of Cash Flows - Direct Method

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

NOTES 2020

Operating Activities

Receipts from grants		186,552
Receipts from customers		66,459
Payments to suppliers and employees		(266,449)
Interest received		66
Net Cash Flows from Operating Activities	9	(13,373)

Investing Activities

Proceeds from sale of property, plant and equipment		21,818
Payment for property, plant and equipment		(53,766)
Net Cash Flows from Investing Activities		(31,948)

Other Activities

Transfer of cash on business combination	11	1,531,063
Net Cash Flows from Other Activities		1,531,063

Net Cash Flows

1,485,742

Cash and Cash Equivalents

Cash and cash equivalents at beginning of period		-
Net change in cash for period	2	1,485,742
Cash and cash equivalents at end of period		1,485,742

The accompanying notes for part of these financial statements.

Notes to the Financial Statements

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

1. Summary of Significant Accounting Policies

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

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

Income Tax

As a community service organisation, the Association has been determined to be exempt for income tax under Division 50 of the Income Tax Assessment Act 1997

Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The acquisition of property plant and equipment from the merger (Note 11 - Business Combinations) has been brought to account at their written down values.

The useful lives of property, plant, and equipment are as follows:

- Furniture & Fittings - 15 years
- Office Equipment - 3 to 10 years
- Motor Vehicles - 7 years
- Structural Improvements - 12 to 40 years
- Plant & Equipment - 5 to 40 years

Impairment of Assets

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

Employee Provisions

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled,

These notes form part of the financial statements.

plus associated on-costs. Long Service Leave entitlements are recognised as liabilities of the Association once the employee reaches 5 years service of employment.

Cash on Hand

Cash on hand includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members, customers, as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

If conditions are attached to the grant that must be satisfied before the association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Leases

Leases of PPE, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

Financial Assets

Investments in financial assets are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value, which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

	2020
2. Cash on Hand	
Petty Cash	55
Maintenance Account 4575	100,410
Working Account 4559	1,311,824
Fundraising Account 4567	73,150
Debit Card 164700	304
Total Cash on Hand	1,485,742

	2020
3. Trade and Other Receivables	
Trade Receivables	19,462
Total Trade and Other Receivables	19,462

	2020
4. Property Plant & Equipment	
Office Equipment	
Office Equipment at Cost	1,824
Accumulated Depreciation of Office Equipment	(29)
Total Office Equipment	1,795
Plant & Equipment	
Plant & Equipment at Cost	74,576
Accumulated Depreciation of Plant & Equipment	(7,537)
Total Plant & Equipment	67,039
Motor Vehicles	
Motor Vehicles at Cost	75,000
Accumulated Depreciation of Motor Vehicles	(1,622)
Total Motor Vehicles	73,378
Leasehold Improvements	

These notes form part of the financial statements.

2020

Leasehold Improvements at Cost	1,465
Accumulated Amortisation of Leasehold Improvements	(14)
Total Leasehold Improvements	1,451
Total Property Plant & Equipment	143,663

Movement in carrying amounts

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

	Office Equipment	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Total
Balance at 1 January 2020	-	-	-	-	-
Transferred (note 10)	1,824	74,576	43,878	1,465	121,743
Additions	-	-	53,966	-	53,966
Disposals -written down value	-	-	(22,227)	-	(22,227)
Depreciation expense	(29)	(7,537)	(2,239)	(14)	(9,819)
Carrying amount at 31 December 2020	1,795	67,039	73,378	1,451	143,663

2020

5. Trade and Other Payables

Trade Payables	
ATO Integrated Account	1,760
PAYG Withholdings Payable	43,707
Sundry Creditors	4,841
Superannuation Payable	16,995
Wages Payable Account	85
Accounts Payable	5,255
Total Trade Payables	72,643
Total Trade and Other Payables	72,643

2020

6. Deferred Income

Deferred Income Government Grants	
Forward Funding	143,375
FRRR Grant - HPK	36,820
Total Deferred Income Government Grants	180,195
Total Deferred Income	180,195

These notes form part of the financial statements.

2020

7. Employee Entitlements

Provision for Holiday Pay	69,552
Provision for Long Service	47,997
Provision for Personal Leave	17,678
Total Employee Entitlements	135,227

Movement in carrying amounts

	\$
Transferred leave entitlements	183,376
Accrual adjustment	10,899
Payment of leave entitlements	(59,048)
Balance at end of financial year	135,227

2020

8. Reserves

Loan - Amalgamation - HCS	1,396,853
Total Reserves	1,396,853

Reserves comprise the amounts transferred from Hay Mobile Childrens Services Inc, Hay Preschool Kindergarten Inc, and Hay Plans Child Care Inc. The net assets of these three associations were merged in the quarter ending December 2020 to fund the establishment of the Hay Children's Services Inc. The Assets and Liabilities received by the Association from this merger have been reported at *Note 11. Business Combinations*

9. Reconciliation of cashflows from operating activities

	\$
Deficit for the period	(140,459)
Non-cashflow items in deficit	
- Loss on sale of fixed assets	409
- Depreciation expense	9817
Changes in assets and liabilities:	
- Increase in Trade and other receivables	(19,461)
- Increase in Trade and other payables	59,206
- Increase in deferred income	125,264
- Decrease in employee entitlements	(48,149)
Cash used in operations	(13,373)

These notes form part of the financial statements.

10. Related Party Transactions

Transactions with related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key Management Personnel

Committee members - all committee members are volunteers and not paid by the Association.

Centre Manager - in the position of Centre Manager, Kelley Townsend received total remuneration of \$5,789 with post employment benefits of \$534.

11. Business Combinations

	Hay Mobile Children's Service Inc	Hay Pre School Kindergarten Inc	Hay Plains Childcare Inc	Total
Cash	681,999	666,398	182,666	1,531,063
Property Plant & Equipment	47,785	61,947	12,011	121,743
Employee Benefits	(50,573)	(21,642)	(111,161)	(183,376)
Grant Funding	-	(54,932)	-	(54,932)
Trade Payables	(11,120)	(13,755)	7,230	(17,645)
Net Assets transferred	668,091	638,016	90,746	1,396,853

True and Fair Position

HAY CHILDREN'S SERVICES INCORPORATED For the year ended 31 December 2020

Annual Statements Give True and Fair View of Financial Position and Performance of the Association

We, Polly Lugsdin, and Charlie Wythes, being members of the committee of HAY CHILDREN'S SERVICES, certify that –

The statements attached to this certificate give a true and fair view of the financial position and performance of HAY CHILDREN'S SERVICES during and at the end of the financial year of the association ending on 31 December 2020.

Signed:

Dated: 29/06/2021

Signed:

Dated: 28/06/2021

Auditor's Report

HAY CHILDREN'S SERVICES INCORPORATED For the year ended 31 December 2020

Independent Auditors Report to the members of the Association

We have audited the accompanying financial report, being a special purpose financial report, of HAY CHILDREN'S SERVICES INCORPORATED (the association), which comprises the committee's report, the assets and liabilities statement as at 31 December 2020, the income and expenditure statement for the year then ended, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

Committee's Responsibility for the Financial Report

The committee of HAY CHILDREN'S SERVICES INCORPORATED is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report, 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

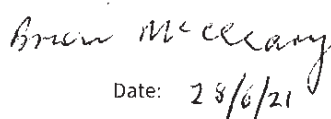
Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of HAY CHILDREN'S SERVICES INCORPORATED as at 31 December 2020 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist HAY CHILDREN'S SERVICES INCORPORATED to meet the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*. As a result, the financial report may not be suitable for another purpose.

Auditor's signature:



Auditor's address: DENILQUIN

Date: 28/6/21

Certificate By Members of the Committee

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

I, Polly Lugsdin of 444 Moffatt St Hay certify that:

1. I attended the annual general meeting of the association held on 28/6/2021
2. The financial statements for the year ended 31 December 2020 were submitted to the members of the association at its annual general meeting.

Dated: 28/6/2021

Income and Expenditure Statement - Hay Early Learning

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

2020

Income	
Parent Fees	34,932
Grant Operating	79,997
Total Income	114,928

Gross Surplus	114,928
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Expenditure	
Administration	8,790
Employment expenses	71,467
Fundraising Expenses	2
Occupancy Expenses	17,960
Program delivery	1,286
Depreciation Expense	7,534
Total Expenditure	107,038

Current Year Surplus/ (Deficit) Before Income Tax Adjustments	7,890
Current Year Surplus/(Deficit) Before Income Tax	7,890
Net Current Year Surplus After Income Tax	7,890

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Income and Expenditure Statement - Hay Preschool

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

2020

Income

Contributions	1,310
Grant Operating	18,112
Donations	19,433
Fundraising	347
Total Income	39,202

Gross Surplus

39,202

Expenditure

Administration	6,633
Employee expense	59,646
Occupancy expense	1,935
Program delivery	21,970
Total Expenditure	90,185

Current Year Surplus/ (Deficit) Before Income Tax Adjustments (50,982)

Current Year Surplus/(Deficit) Before Income Tax (50,982)

Net Current Year Surplus After Income Tax (50,982)

Income and Expenditure Statement - Hay Mobile

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

2020

Income

Contributions	982
Grant Operating	7,153
Donations	41
Fundraising	129
Total Income	8,305

Gross Surplus

8,305

Expenditure

Administration	7,252
Employee expense	87,456
Occupancy expense	939
Program delivery	7,331
Depreciation Expense	2,285
Loss On Disposal	409
Total Expenditure	105,672

Current Year Surplus/ (Deficit) Before Income Tax Adjustments (97,367)

Current Year Surplus/(Deficit) Before Income Tax (97,367)

Net Current Year Surplus After Income Tax (97,367)

Income and Expenditure Statement - Head Office

HAY CHILDREN'S SERVICES INCORPORATED

For the year ended 31 December 2020

2020

Income

Fundraising	4,765
Interest Income	66
Total Income	4,831

Gross Surplus

4,831

Expenditure

Administration Expenses	2,768
Fundraising Expenses	2,063
Total Expenditure	4,831

Current Year Surplus/ (Deficit) Before Income Tax Adjustments

-

Current Year Surplus/(Deficit) Before Income Tax

-

Net Current Year Surplus After Income Tax

-

