Centre for Excellence in Child & Family Welfare Inc

ABN: 24 629 376 672

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2020

Centre for Excellence in Child & Family Welfare Inc.
Board Members' Report

The Board members of the Association submit the annual financial report for the financial year ended 30 June 2020.

The names and particulars of the Board members during or since the end of the financial year are:

Name	Position	Organisation Representative
Paul McDonald	Chairperson	Anglicare Victoria, CEO
Lisa J. Griffiths	Deputy Chairperson	OzChild, CEO
Teresa Jayet	Treasurer	Mallee Family Care, CEO
Silvia Alberti	Board Member	Uniting Care Vic/Tas, General Manager – Western Victoria & Tasmania.
Allan Joy	Board Member	Child and Family Services Ballarat, CEO
Andrew Bruun	Board Member	YSAS, CEO
Graham Boal	Board Member	MacKillop Family Services Director of Finance & Business Services
Sue White	Board Member	QEC, CEO
Michael Perusco	Board Member	Berry Street, CEO
Greg Levine OAM	Independent Expert Member	
Amanda Youngs	Board Member	Family Life, General Manager Services
Former Board Members		
Allan Joy	Board Member (appointed 25 September 2017 did not see re-election at Nov 2019 AGM)	Child and Family Services Ballarat, CEO

Principal Activities
The principal activity of the Association during the year was as the State peak body to advance the rights, needs and aspirations of vulnerable children, young people and families through collaborative action that result in just outcomes.

Short and long term objectives and strategy
The Association's short and long term objectives are to:
- Increase the wellbeing of vulnerable and disadvantaged children, young people and families.
- Be recognised as the instigator of ground-breaking evidence based research.
- Be a source of commentary from the sector, driving public debate and bringing about positive government policies.

The Association's strategy for achieving these objectives includes:
- Advocate for change that improves the lives of children, young people and families.
- Lead and support the development of innovative, evidence-based policies, programs and practice.
- Strengthen and build the capacity of member and sector agencies delivering services to children, young people, and families.
- Continue to build a proactive, responsive, and sustainable Association.

Performance Measures

The Association measures performance through the use of both quantitative and qualitative measures. The measures are used by the Board and Management to assess whether the Association's short and long term objectives are being achieved.

Measure	2020
Participants at program forums, networks and meetings, including: CEO & Corporate Services Forum, IFS/Child First Network, Annual Sector Research & Evidence Symposium, Leaving & Post Care Forum, Kinship Services Forum, Foster Care Network.	7,160
Subscribers to SectorBuzz e-news	4,216
Subscribers to Research Review/OPEN Members -e news	1,017
Subscribers to Fostering Connections e-news	411
Subscribers to Member Update e-news	3,910
Training programs developed & provided to CSO's to meet organisational requirements	21
Participants at training programs developed & provided to CSO's to meet organisational requirements	521
Training programs provided to sector workforce	33
Participants at training programs provided to sector workforce	283
Training programs provided as part of the Residential Care Learning &	66
Participants at training programs provided as part of the Residential Care Learning & Development Strategy (including ResiROCKS)	1016

In addition to the above measures the Association also meet with significant numbers of stakeholders across the financial year.

Significant Changes in activities
No significant change in the nature of these activities occurred during the year.

Significant Changes in the state of affairs
In the opinion of the Board Members, there were no significant changes in the state of affairs of the Association that occurred during the financial year.

Events Subsequent to Reporting Period
On the 6th of August 2020, Victoria entered stage 4 restrictions as a result of continued increases in the number of COVID-19 cases across the state, however to date there has been no material impact to the business during this time. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Associations operations, the results of those operations, or the Associations state of affairs in future financial years.

Indemnification of Officers and Auditors
Since the end of the previous financial year, the Association has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Association.

Operating Result
The surplus for the year attributable to the members of the Association was $1,989,453 (2019: $1,046,389).

Centre for Excellence in Child & Family Welfare Inc.
Board Members' Report

Board Meetings

The following table sets out the number of Board Meeting (including meetings of committees of the Board) held during the financial year and the number of meetings attended by each Board member (while they were a Board or Committee member).

Board Member	Board Meeting		Finance, Audit & Risk Management Committee		Governance Committee	
	Held	Attended	Held	Attended	Held	Attended
Paul McDonald	10	9	6	5	2	1
Lisa Griffiths	10	7	6	4	2	2
Silvia Alberti	10	10	-	-	2	2
Allan Joy	10	2	-	-	-	-
Teresa Jayet	10	10	6	6	-	-
Greg Levine OAM	10	4	-	-	-	-
Graham Boal	10	7	6	4	-	-
Andrew Bruun	10	10	-	-	-	-
Michael Perusco	10	10	-	-	2	2
Amanda Youngs	10	6	-	-	-	-
Sue White	10	9	-	-	2	2

This Board report is signed in accordance with a resolution of Board members and is signed for and on behalf of the Board by:

PMcDonald

Paul McDonald Chairperson
Melbourne, 10 November 2020

Teresa Jayet
Treasurer
Melbourne, 10 November 2020

Centre for Excellence in Child & Family Welfare Inc.
Statement of Surplus or Deficit and Other Comprehensive Income
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	8,093,042	6,854,474
Investment income	3	175,903	175,324
Depreciation expense		(65,613)	(57,910)
Employee benefits expense		(3,372,710)	(2,979,951)
Operations expense		(2,414,414)	(2,324,446)
Office expense		(336,973)	(527,921)
Occupancy expense		(77,871)	(83,659)
Motor Vehicle expense		(11,911)	(9,522)
Surplus for the year		**1,989,453**	**1,046,389**
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of assets classified as fair value through other comprehensive income		(55,537)	60,616
Total comprehensive income for the year attributable to members of the Association		**1,933,916**	**1,107,005**

The above Statement of Surplus or Deficit and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Centre for Excellence in Child & Family Welfare Inc.
Statement of Financial Position
For the Year Ended 30 June 2020

Assets	Note	2020 $	2019 $
Current Assets			
Cash and cash on hand		3,571,949	2,038,825
Other financial assets	4	6,054,303	6,015,239
Trade and other receivables	5	88,551	304,266
Other assets	6	110,356	17,434
Total current assets		9,825,159	8,375,764
Non-current assets			
Property, plant and equipment	7	900,128	930,555
Right of Use Asset – equipment		26,225	-
Total non-current assets		926,353	930,555
Total assets		10,751,512	9,306,319
Liabilities			
Current liabilities			
Trade and other payables	9	495,377	773,404
Deferred revenue	10	1,697,751	629,710
Provisions	11	361,259	273,016
Lease liabilities	18	17,782	-
Other liabilities	12	1,204,479	2,568,116
Total current liabilities		3,776,648	4,244,246
Non-current liabilities			
Provisions	11	20,797	51,072
Lease liabilities	18	9,150	-
Total non-current liabilities		29,947	51,072
Total liabilities		3,806,595	4,295,318
Net Assets		**6,944,917**	**5,011,001**
Equity			
Accumulated Surplus		5,069,838	3,640,385
Reserves	13	1,870,000	1,310,000
Revaluation reserve		5,079	60,616
Total Equity		**6,944,917**	**5,011,001**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Centre for Excellence in Child & Family Welfare Inc.
Statement of Changes in Equity
For the Year Ended 30 June 2020

	Accumulated Surplus $	Reserves $	Revaluation Reserve $	Total $
Balance at 1 July 2018	3,043,996	860,000	-	3,903,996
Total comprehensive income for the year attributable to members of the Association	1,046,389	-	60,616	1,107,005
Transfer to reserves	(450,000)	450,000	-	-
Balance at 30 June 2019	**3,640,385**	**1,310,000**	**60,616**	**5,011,001**
Total comprehensive income for the year attributable to members of the Association	1,989,453	-	(55,537)	1,933,916
Transfer to reserves	(560,000)	560,000	-	-
Balance at 30 June 2020	**5,069,838**	**1,870,000**	**5,079**	**6,944,917**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Centre for Excellence in Child & Family Welfare Inc.
Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		8,759,599	7,481,898
Payments to suppliers and employees		(7,273,298)	(6,225,611)
Net cash inflows from operating activities		**1,486,301**	**1,256,287**
Cash flows from investing activities			
Payments for property, plant and equipment		(17,703)	(48,033)
Net payments for financial assets		(94,601)	(2,302,528)
Interest received		175,903	175,324
Net cash inflows / (outflow) from investing activities		**63,599**	**(2,175,237)**
Cash flows from financing activities			
Payment of lease liabilities		(16,776)	-
Net cash outflows from financing activities		**(16,776)**	**-**
Net increase / (decrease) in cash and cash equivalents		**1,533,124**	**(918,950)**
Cash and cash equivalents at the beginning of the year		2,038,825	2,957,775
Cash and cash equivalents at the end of the year	16	**3,571,949**	**2,038,825**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of Significant Accounting Policies

Basis of Preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue in accordance with a resolution of the directors on 26 October 2020.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

New, revised or amending Accounting Standards and Interpretations adopted
The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the association:

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk. The Association has analysed customer contracts by way of going through performance obligations within the contract, determining the transaction price relevant to performance obligations by giving reference to AASB 15. Based on the assessment performed, the adoption of the Accounting Standard AASB 15 and Interpretations did not have any significant impact on the Statement of Profit or Loss and Other Comprehensive Income or Statement of Financial Position of the Association.

AASB 1058 Income of Not for profit entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. This Standard establishes principles for not-for-profit entities that apply to: (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and (b) the receipt of volunteer services. An entity shall apply the requirements of this Standard to each transaction based on the substance of the transaction, rather than its legal form or the description given to it (eg grants or donations), so as to provide a faithful representation of the economic substance of the transaction. The Association has analysed transactions to determine whether there were any transactions which were significantly less than fair value. Principally, to enable a not-for-profit entity to further its objectives. Based on the assessment performed, the adoption of the Accounting Standard AASB 1058 and Interpretations did not have any significant impact on the Statement of Profit or Loss and Other Comprehensive Income or Statement of Financial Position of the Association.

Impact of adoption

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

1. Summary of Significant Accounting Policies

AASB 16 Leases
The Association has adopted AASB 16 from 1 July 2019. The standard replaces ‘AASB 117’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right of- use assets and corresponding lease liabilities are recognised in the statement of financial position.
Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

The impact of adoption on opening retained profits as at 1 July 2019 was as follows:
Operating lease liabilities before discounting $45,750
Operating lease commitments discount using the incremental borrowing rate of 6% ($2,042)

Lease liabilities recognised as at 1 July 2019 $43,708, of which were:

Lease liabilities – current	($16,776)
Lease liabilities - non-current	($26,932)
Total Lease liabilities	($43,708)

Accounting Policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.
To determine when to recognised revenue, the Association follows a 5-step process:

1. Identify the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligations are satisfied.

Sale of goods or services
Revenue from the sale of goods and services is recognised at a point in time when the Association has despatched goods or provided the services, as this corresponds to the satisfaction of the performance obligation under the contract and the customer obtains control of the asset.

Affiliation fees
Affiliation fees are recognised in the income year which they relate to.

Government grants
Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

1. Summary of Significant Accounting Policies

Dividend and interest income
Dividend and distribution income from investments is recognised when the shareholder's or unitholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Association and the amount of income can be measured reliably).

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other revenue is recognised when it is received or when the relevant performance obligation is satisfied.

All revenue is stated net of the amounts of Goods and Services Tax (GST).

(b) Property, Plant and Equipment
Each class of Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of Fixed Asset	Useful Life
Buildings	40 years
Computer equipment	3 years
Furniture & equipment	4-10 years
Motor vehicles	5 years
Right of use asset	Over the term of the lease

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Surplus or Deficit and Other Comprehensive Income during the financial period in which they are incurred.

Any property, plant and equipment donated to the Association or acquired for nominal cost is recognised at fair value at the date the Association obtains control of the assets.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

1. Summary of Significant Accounting Policies

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(c) Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Impairment losses are recognised in the Statement of Surplus or Deficit and Other Comprehensive Income.

(d) Financial Instruments

Initial Recognition and Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instruments, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Classification and Subsequent Measurement of Financial Assets
Financial assets are subsequently measured at fair value through profit or loss, fair value through other comprehensive income or amortised cost.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.
Classifications are determined by both i) the entity’s business model for managing the financial asset and ii) the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The entity’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposits and cash management funds that were previously classified as held-to-maturity under AASB 139.

1. Summary of Significant Accounting Policies

Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments (units in UCA Growth Fund) that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends or distributions from these investments continue to be recorded as other income within the statement of surplus unless they clearly represent return of capital. This category includes equity securities that were previously classified as 'available-for-sale' under AASB 139.

(e) Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI and trade receivables. The association considers a broader 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.

(f) Employee Benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.
For purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash, cash management funds and term deposits with maturities of three months or less.

(h) 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 Statement of Financial Position.

1. Summary of Significant Accounting Policies

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Income Tax

No provision for income tax has been raised as the Association has been endorsed as an Income Tax Exempt Charitable Entity and Deductible Gift Recipient under the provisions of the Income Tax Assessment Act 1997.

(j) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Association during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

(m) Trade and Other Receivables

Trade receivables, which comprise amounts due from services provided are recognised and carried at original invoice amount less an allowance for expected credit losses. Normal terms of settlement vary from 30 to 60 days. The notional amount of the receivable is deemed to reflect fair value. Bad debts are written off when identified.

(n) Unexpended Project Grants

The liability for unexpended project grants is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date, or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted.

(o) Provisions

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

(p) Leases

The Association has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is reported under AASB 117.

1. Summary of Significant Accounting Policies

Accounting policy applicable from 1 July 2019

For any new contracts entered into on or after 1 July 2019, the Association considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Association assesses whether the contract meets three key criteria:

- the contract contains an identified asset,
- the Association has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, and
- the Association has the right to direct the use of the identified asset throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Association 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 Association, an 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 commencement date (net of any incentives received).

The Association 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 Association also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Association measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Association's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. 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

(q) Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(r) Investments

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

1. Summary of Significant Accounting Policies

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(s) Held to Maturity Investments

The financial assets include short term deposits which the Association intends to hold to maturity. These are non-derivative financial assets with fixed payments and maturities where the Association has a positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest method.

(t) Going concern and COVID-19

The impact of the Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world including Australia and the community where the Association operates.

The Executive of the Association and Leadership team have implemented a series of action plans to address the COVID-19 threat by implementation of the following initiatives:

Financial:

- Review of the 2021 annual budget and cashflow forecasts for the next twelve months have been completed
- Ongoing assessment of the adequacy of the provision for doubtful debts and expected credit losses under AASB 9
- Deferral of non-essential capital expenditure / projects
- Identification of government subsidies and relief packages
- Review over protocols over staff recruitment

Operational:

- Learning and Development strategy to build and expand training capability post COVID-19
- Transition of face to face training workshops to online offerings
- Tightened health and cleaning protocols
- Mandatory self-imposed isolation for staff who have contacted or come into contact with someone who has the virus

As a consequence of the above-mentioned initiatives regarding COVID-19, there are reasonable grounds to believe that the Association will be able to pay its debts and meet its financial obligations as and when they become due and payable.

Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The board evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable

1. Summary of Significant Accounting Policies

expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Estimation of useful lives of assets
The Association determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Deferral of Grant revenue:
When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is initially recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Impairment of non-financial assets
The Association assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account
.

Centre for Excellence in Child & Family Welfare Inc.
Notes to the Financial Statements
For the Year Ended 30 June 2020

	2020 $	2019 $
2. Revenue		
Affiliation fees	471,487	442,926
Business undertakings	387,008	614,855
Charitable contributions	96,788	236,335
Government grants	7,137,759	5,560,358
	8,093,042	6,854,474
3. Investment Income		
Interest income	175,903	175,324
4. Other financial assets		
At amortised cost:		
Term Deposits	3,543,838	3,528,988
Cash Management Fund	589,190	1,571,555
At fair value through other comprehensive income:		
Units held in UCA Growth Portfolio	1,921,275	914,696
	6,054,303	6,015,239
5. Trade and other receivables		
Trade receivables	32,288	254,596
Accrued Income	56,263	49,670
	88,551	304,266
6. Other assets		
Prepayments	110,356	17,434

7. Property, plant and equipment

	Buildings $	Computer Equipment $	Furniture and Equipment $	Motor vehicles $	Total $
Year ended 30 June 2020					
Opening net book amount	848,091	35,433	28,012	19,019	930,555
Additions	-	12,796	4,907	-	17,703
Disposals	-	-	-	-	-
Depreciation	(25,269)	(13,075)	(3,722)	(6,064)	(48,130)
Closing net book amount	**822,822**	**35,154**	**29,197**	**12,955**	**900,128**
At 30 June 2020					
Cost	1,256,000	174,566	232,916	36,283	1.699.765
Accumulated depreciation	(433,178)	(139,412)	(203,719)	(23,328)	(799,637)
Net book amount	**822,822**	**35,154**	**29,197**	**12,956**	**900,128**

		2020 $	2019 $
8. Right of use assets			
Cost		43,708	-
Depreciation		(17,483)	-
Net book amount		26,225	-
9. Trade and other payables			
Trade payables		285,764	615,059
Other payables		209,613	158,345
		495,377	773,404
10. Deferred revenue			
Business Undertakings		1,697,751	629,710
11. Provisions			
Employee Benefits		382,056	324,088
Current		361,259	273,016
Non-current		20,797	51,072
		382,056	324,088
12. Other liabilities			
Learning System Grants Payable		300,000	250,000
Unexpended Project Grants		904,479	2,318,116
		1,204,479	2,568,116

During the financial year, the Association received $300,000 from the Department of Health and Human Services for Learning Systems Grants. The Association will act as agent and administer these funds and the six grants amounting to $300,000 will be awarded in October 2020. There are no commissions or fees earned.

The unexpended project grants represent the value of project grants received from funding sources which are to be expended against contracted policies in 2020/21, so that the outcomes specified for each project are delivered.

13. Reserves			
Special reserves	13.1	560,000	-
General reserve	13.2	250,000	250,000
Infrastructure reserve	13.3	660,000	660,000
Strategic Initiative reserve	13.4	400,000	400,000
		1,870,000	1,310,000
13.1 Special reserves			
Balance at beginning of the year		-	-
Income received and transferred to reserve		560,000	-
Expenditure incurred and transferred from reserve		-	-
Balance at end of year		**560,000**	**-**

Special reserves - The special reserve records retained surpluses over which the Association has restricted use. The balance is comprised of State government funding which is to be retained for delivering specific objectives.

	2020 $	2019 $
13.2 General Reserves		
Balance at beginning of the year	250,000	250,000
Income received and transferred to reserve	-	-
Expenditure incurred and transferred from reserve	-	-
Balance at end of year	**250,000**	**250,000**

General reserve - The general reserve represents the funds available for meeting general and future expenditure on IT and operational projects.

13.3 Infrastructure reserve

	2020 $	2019 $
Balance at beginning of the year	660,000	660,000
Income received and transferred to reserve	-	-
Expenditure incurred and transferred from reserve	-	-
Balance at end of year	**660,000**	**660,000**

Infrastructure reserve - The Infrastructure reserve represents funding for investigation, design, and capital costs of future office refurbishment.

13.4 Strategic initiative reserve

	2020 $	2019 $
Balance at beginning of the year	400,000	400,000
Income received and transferred to reserve	-	-
Expenditure incurred and transferred from reserve	-	-
Balance at end of year	**400,000**	**400,000**

Strategic Initiative reserve – The Strategic Initiative reserve represents funding for planning and implementation of strategic initiative projects for the Child, Youth & Family sector.

14. Key management personnel compensation

The aggregate compensation made to board members and other members of key management personnel of the Association is set out below:

	2020 $	2019 $
Compensation to board members and other members of key management personnel of the Association	245,938	237,776

15. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out above.

Transactions with related parties

There were no transactions with related parties during the current or previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

16. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2020 $	2019 $
Cash and cash on hand	3,571,949	2,038,825

17. Contingent liabilities and contingent assets

As at 30 June 2020 and 30 June 2019, there were no contingent liabilities and/or contingent assets.

18. Lease Commitments

Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	18,300
- between one year and five years	-	27,450
	-	45,750
Total operating lease commitment disclosed as at 30 June 2019	-	45,750
Adjustment for lease extension	-	-
Operating lease liabilities before discounting	-	45,750
Discounted using incremental borrowing rate	-	(2,042)
Operating lease liabilities	-	43,708
Finance lease obligations	-	-
Total lease liabilities at 1 July 2020	-	43,708

Following is a reconciliation of the financial statement line items from AASB 17 & AASB 16 at 1 July 2019

	AASB 16 Carrying amount at 30 June 2020	Remeasurement	AASB 16 Carrying amount at 1 July 2019
Right of use asset	-	43,708	43,708
Lease liabilities	-	(43,708)	(43,708)
Of which			
Lease liabilities – current	17,782	-	-
Lease liabilities – non current	9,150	-	-
Total lease liabilities	26,932	-	-

19. Events after the reporting period

On the 6th of August 2020, Victoria entered stage 4 restrictions as a result of continued increases in the number of COVID-19 cases across the state, however to date there has been no material impact to the business during this time. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the associations state of affairs in future financial years.

20. Registered Office Details

The registered office of the Association and its principal place of business is:

Level 5
50 Market Street
Melbourne Vic 3000

Centre for Excellence in Child & Family Welfare Inc.
Directors' Declaration
For the Year Ended 30 June 2020

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act);
- the attached financial statements and notes thereto give a true and fair view of the Association's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

This Directors' declaration is signed in accordance with a resolution of Board members and is signed for and on behalf of the Board by:

PMcDonald

Paul McDonald
Chairperson
Melbourne, 10 November 2020

Teresa Jayet
Treasurer
Melbourne, 10 November 2020

Crowe Audit Australia
ABN 13 969 921 386
Level 17, 181 William Street
Melbourne VIC 3000 Australia
GPO Box 4324
Melbourne VIC 3001 Australia
Main +61 (03) 9258 6700
Fax +61 (03) 9258 6722
www.crowe.com.au

The Board of Directors
Centre for Excellence in Child & Family Welfare Inc.
Level 5, 50 Market Street
MELBOURNE VIC 3000

Dear Board Members,

LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of the Centre for Excellence in Child & Family Welfare Inc.

As lead audit partner for the audit of the financial statements of the Centre for Excellence in Child & Family Welfare Inc. for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

i) 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) Any applicable code of professional conduct in relation to the audit.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA

David Munday

DAVID MUNDAY

Partner

Melbourne

16 November 2020

Crowe Audit Australia
ABN 13 969 921 386
Level 17, 181 William Street
Melbourne VIC 3000 Australia
GPO Box 4324
Melbourne VIC 3001 Australia
Main +61 (03) 9258 6700
Fax +61 (03) 9258 6722
www.crowe.com.au

Independent Auditor's Report to the Members of Centre for Excellence in Child & Family Welfare Inc.

Opinion

We have audited the financial report of Centre for Excellence in Child & Family Welfare Inc. (the Association), which comprises the statement of financial position as at 30 June 2020, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity, 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, the accompanying financial report of the Association has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Association's financial position as at 30 June 2020 and of its performance and cash flows for the year then ended; and

(b) complying with Australian Accounting Standards – *Reduced Disclosure Requirements* (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*.

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 Association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Subsequent Event Re: COVID-19

We draw attention to Note 1 (t) and Note 19 of the financial statements, which describes the effects of the Coronavirus (COVID-19) pandemic which continues to impact both communities and businesses throughout the world including Australia and the community where the Association operates. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board Members for the Financial Report

The Board Members of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012 and ACNC Regulation 2013* and for such internal control as the board members determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board members are responsible for assessing the Association'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 board members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Board members are responsible for overseeing the Association'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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional 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 Association'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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members 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 the audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 60-45(3) (b) of the ACNC Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 60-30(3)(b), (c) or (d) of the ACNC Act. We have nothing to report in this regard.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA

David Munday

DAVID MUNDAY

Partner

Melbourne

16 November 2020