

2022



Family Services Australia

Annual Report

FAMILY SERVICES ILLAWARRA LIMITED

ABN: 47 907 536 122

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FAMILY SERVICES ILLAWARRA LIMITED
DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The Board of Directors of Family Services Illawarra Limited ("the Company") has pleasure in submitting the annual financial report for the year ending 30 June 2022.

Information on Directors

The following persons were Directors of the Company at any time during or since the end of the year. Unless otherwise stated, the Director was in office for the whole of the financial year and up to the date of this report.

| Name of Directors | Special Responsibilities | Occupation/Qualifications |
|--|--|---|
| Christopher Lacey | Director & Chairperson, Chair Human Resources & Governance (HRG) Committee | BSc (Hons), BLaw, Dip Bus.(Gov) |
| Karina Franke | Director & Deputy Chair, Member of HRG Committee | BA- Sociology/Psychology LLB and GradDipLegPrac |
| Gary Jackson | Managing Director & Company Secretary, Member ARC, PGC, HRG, AAC Committee's | JP MAICD, Advanced Criminal Law, University of Sydney, VIC Police APSIS L2 for Managers, AFP Cert IV Fraud Control & Investigations, GradCertBA, Completing Int'l MBA Deakin University |
| Peter Pak | Director & Chair ARC Committee | BBus MBA CPA |
| Tracey De Angelis (Appointed 18/11/21) | Director & Chair Practice Governance Committee (PGC) | MBA, GradCert Health Services Management, Diploma in Government |
| Dr Tillmann Boehme (Retired 13/12/21) | Director, Member of the Audit Risk & Compliance (ARC) Committee | PhD MBA Dip Purchasing & Logistics Supply Chain Management |
| Roy Rogers | Director & Member ARC Committee | MAICD MBA CP (Engineer) BSC (Eng) Merit Structural Engineering Certificate |
| Kathryn Barker | Director & Member PGC & HRG | Bachelor of Teaching (Early Childhood) Cert IV in Assessment & Workplace Training Cert IV in Frontline Management |
| Amanda Van De Paverd (Appointed 03/09/21) | Director & Member HRG Committee | GradCert Int'l Security & Counter Terrorism, Bachelor of Administrative Leadership, Diploma in Government (Management), Peace Keeping & Conflict Resolution (UN) |

FAMILY SERVICES ILLAWARRA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Meetings of Directors

During the financial year, eleven (11) meetings of directors were held. Attendances by each director were as follows:

| | Number Eligible to Attend | Number Attended |
|----------------------|---------------------------|-----------------|
| Christopher Lacey | 11 | 11 |
| Karina Franke | 11 | 8 |
| Gary Jackson | 11 | 11 |
| Peter Pak | 11 | 10 |
| Tracey De Angelis | 6 | 5 |
| Tillmann Boehme | 6 | 6 |
| Roy Rogers | 11 | 9 |
| Kathryn Barker | 11 | 8 |
| Amanda Van De Paverd | 8 | 8 |

Principal Activities

The Company's vision is that all children, young people and adults can live safely and well with their families. FSA's purpose is to create positive change in families under stress, a safe, caring environment for children and young people's development.

The Company operates as a multi-disciplined community-based organisation, delivering therapeutic early intervention and whole of family community care.

The Company continues to invest in core therapeutic early intervention research and services, while building new, innovative and emerging complementary support services that maintain holistic continuity of care and wellbeing for children, young people, adults and families.

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

Short-term and Long-term Objectives

The Company's short-term objectives is to achieve sustainable growth of holistic community services reaching people in need, through a vision that all children, young people and adults can live safely and well with their families.

The Company's long-term objectives are to ensure our communities throughout Australia will have access to quality multi-disciplined therapeutic services and support, as and when it is needed to improve personal and family wellbeing. A purpose to create positive change in families under stress, a safe, caring environment for children and young people's development.

The Company goals are to deliver holistic community response services that are integrated, supporting continuity of care, reducing referral pathways and keeping our clients and families *Safe, Well, Strong and Connected*.

Strategies

To achieve its stated objectives and through family values of **Compassion, Accountability, Respect and Empowerment (CARE) with Integrity and Positivity**, the Company has adopted the following strategies:

Implementing a 2025 Strategic Plan to achieve sustainable growth of holistic community services reaching people in need, while delivering therapeutic early intervention and whole of family community care.

Achieving Strategic Plan goals the Company delivers through Key Performance Indicator (KPI) targets that all staff, senior and executive management share under a Community Support Framework (CSF), a 360-Degree support appraisal method for staff delivering a Company Continuous Improvement Plan (CIP) that is quality assured to national and international standards. The Company operates a flexible workplace culture that prioritises the wellness of its staff.

The Company values diversity, prioritising inclusion for all members of community not limited to Aboriginal and Torres Strait Islander (ATSI), Culturally and Linguistically Diverse (CALD), Lesbian, Gay, Bisexual, Transgender, and Intersex (LGBTI) peoples.

Through the reporting period, the Company has reached all CSF KPIs and Competencies, both meeting expectations, together with Client Satisfaction (CSAT) of 92.8% and Employee Satisfaction (ESAT) of 89.3%, well above international benchmark standards.

FAMILY SERVICES ILLAWARRA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Operating Result

The surplus/(deficit) of the Company for the financial year after providing for income tax amounted to:

| Year ended | Year ended |
|------------|------------|
| 30-Jun-22 | 30-Jun-21 |
| \$ | \$ |
| 584,722 | 1,365,205 |

Through ongoing delivery of the Board approved 2025 Strategic Plan, the Company expanded investment in and successfully grew its integrated multi-disciplined service model of six service streams that is clinically informed, centrally triaging the urgency and therapeutic risk of client referrals.

Through increased investment, the Company launched its inaugural Aboriginal Advisory Committee (AAC) during the 2022FY, with three prominent First Nations people. The Company endorsed this commitment on 23/5/22 by adopting a new Constitution with updated objects, not limited to forming effective relationships with others who share and support our Company values and objects, and to work respectfully alongside Aboriginal and Torres Strait Islands communities as a trusted community partner.

The Company's service model continues to reduce client referral pathways, maintaining continuity of care and achievement of evidence-based therapeutic and recovery outcomes for clients under an externally audited Therapeutic Practice Framework (TPF), that is supported by a Practice Governance Committee (PGC).

The Company re-certified for three-year terms its quality certification in National Standards in Mental Health Services (NSMHS) and National Standards in Disability Services (NSDS) to 2025, with regular practice governance and surveillance audits scheduled for this period. FSA has recorded Zero Non-Conformances in all external QA Audits history to date.

Through the Company's service model investments including FSA Psychology and Merger and Acquisitions, the Company has continued to grow its community service presence in NSW and QLD, expanding client Occasions of Service (OoS) to more than 100,000 per annum. These investments were also designed to increase Corporate Social Responsibility (CSR) contributions from the corporate sector that support development of core government funded programs and evidence-based Value for Money (VfM) outcomes.

Through the successful execution of these investment strategies a major CSR Sponsorship Agreement with Stockland was expanded in the 2021FY with the further development of a 3,000sqm **Family Services House, Illawarra-Shoalhaven Community Services Hub** in partnership with long-term Non-Government Organisations (NGOs) to increase community therapeutic supports.

FSA COVID-19 Quarantine Action Plan (QAP)

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

Pre COVID-19 pandemic restrictions the Company proactively implemented a company-wide Quarantine Action Plan (QAP), a Monitoring and Evaluation (M&E) Framework to mitigate against the likelihood, risk and consequence of impact from the pandemic. The Company has a long-standing flexible Work from Home Policy - Corporate Policy Index (CPI) 51 and COVID-19 Management Plan Policy CPI 57; which includes protocols not limited to preventative COVID-19 testing, tracing participation, site and personal sanitation, increased cleaning services, physical distancing, mobile health kits and screening for 11 COVID-19 symptoms pre, during and post staff community service engagement.

Despite these precautions, The Company continues to mitigate risks for its staff, clients and stakeholders to ensure its strict COVID-19 Risk Management Control Plans are maintained through and post COVID-19 community immunity recovery and is risk benchmarked to AS/NZS 4360 Risk Management Control Self Assurance (CSA) Standards.

Through the Company's investment into *Family Services House, Illawarra-Shoalhaven Community Services Hub* Telstra has provisioned a dedicated Telstra Fibre to the Premises link with unlimited upload and download speeds. To assist physical distancing and remote servicing, this new technology has enabled the Company's expansion of Online Telehealth community service options for clients in rural, regional and remote Australia, including Medicare bulk billing of Child and Adult Mental Health Services, Online Group Work Programs and other online Early Intervention community support services.

To assist ongoing community recovery through the pandemic, the Company qualified under government determined NFP charitable guidelines for Job Keeper, which has complemented the now increasing demand in the Company's frontline essential community services, meeting the needs of vulnerable members of communities affected by the pandemic and other pre-existing conditions that the Company supports in NSW and QLD.

FAMILY SERVICES ILLAWARRA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

After Balance Day Events

The Company executed an agreement with the Department of Education, Skills and Employment (DESE) valued at more than A\$78M to expand employment services in Queensland from 1 July 22, whilst also being appointed to a sub-panel for the Illawarra-South Coast New South Wales region.

The Company entered into an expanded CSR sponsorship with Stockland to increase community services in support of NGO's from 1 August 2022.

While the Company also entered into agreements with the Primary Health Network (PHN) to expand the provision of mental health services in Southern NSW from 1 July 2022.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years other than noted above in the discussion on COVID-19.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in the financial statements.

Membership

The Company is a Company limited by guarantee with one class of member. If the Company is wound up, the Constitution states that each member of the Company is required to contribute a maximum of \$20.00 towards meeting any outstanding obligations of the Company. The total amount that members are liable to contribute if the Company is wound up is \$160.00.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The Company is a not-for-profit organisation, a registered charity with Deductible Gift Recipient (DGR) 1 status and a Public Benevolent Institution (PBI) which does not pay dividends.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 6 of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



Peter Pak
Director & Chair, Audit Risk & Compliance (ARC) Committee
Dated: 19 September 2022



Gary Jackson
Managing Director & Company Secretary
Member, Audit Risk & Compliance (ARC) Committee

FAMILY SERVICES ILLAWARRA LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

To the Directors of Family Services Illawarra Limited,

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012*, I declare that, to the best of my knowledge and beliefs, there have been no contraventions of:

- (i) the auditor independence requirements of 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.



Ben Fock

Registered Company Auditor

Wollongong

Dated: 19 September 2022

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (Wollongong) Pty Ltd is a member of HLB International, the global advisory and accounting network.

FAMILY SERVICES ILLAWARRA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

| | | 30 June 2022 | 30 June 2021 |
|---|------|----------------|------------------|
| | Note | \$ | \$ |
| Revenue | 2 | 7,425,194 | 6,273,375 |
| Other income | 2 | 1,788,383 | 3,303,061 |
| Audit, accounting, legal and consulting | | (285,442) | (392,558) |
| Client support service | | (328,458) | (431,293) |
| Communication expenses | | (241,919) | (270,001) |
| Depreciation, amortisation & impairment | 3 | (1,345,599) | (1,290,249) |
| Employee benefits expense | | (5,095,173) | (4,672,468) |
| Insurance | | (249,987) | (104,443) |
| Interest paid | | (136,526) | (145,898) |
| Motor vehicle running expense | | (43,603) | (105,017) |
| Rent and accommodation expense | | (334,765) | (274,157) |
| Other expenses | | (567,383) | (525,146) |
| Surplus/(deficit) before income tax | | 584,722 | 1,365,205 |
| Income tax expense | 1 | - | - |
| Surplus/(deficit) for the year | | 584,722 | 1,365,205 |
| Other comprehensive income: | | - | - |
| Items that will not be classified subsequently to Profit or Loss | | | |
| Net gain on revaluation of non-current assets | | - | - |
| Items that may be classified subsequently to Profit or Loss | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | - | - |
| Surplus attributable to the members of the Company | | 584,722 | 1,365,205 |
| Total comprehensive income for the year attributable to the members of the Company | | 584,722 | 1,365,205 |

The accompanying notes form part of these financial statements

FAMILY SERVICES ILLAWARRA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | | 30 June 2022 | 30 June 2021 |
|--------------------------------|------|--------------------------|--------------------------|
| | Note | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 2,991,279 | 2,001,779 |
| Trade and other receivables | 5 | 59,246 | 309,660 |
| Other assets | 6 | 212,650 | 51,550 |
| Total current assets | | <u>3,263,175</u> | <u>2,362,989</u> |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 2,891,485 | 2,511,575 |
| Other assets | 6 | 148,107 | 11,832 |
| Right to use asset | 8 | 6,494,187 | 6,959,693 |
| Total non-current assets | | <u>9,533,779</u> | <u>9,483,100</u> |
| Total assets | | <u>12,796,954</u> | <u>11,846,088</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 9 | 1,228,980 | 550,850 |
| Provisions | 10 | 415,528 | 343,168 |
| Lease liability | 11 | 948,448 | 961,172 |
| Total current liabilities | | <u>2,592,956</u> | <u>1,855,190</u> |
| Non-current liabilities | | | |
| Provisions | 10 | 41,007 | 34,875 |
| Lease liability | 11 | 5,900,199 | 6,277,953 |
| Total non-current liabilities | | <u>5,941,206</u> | <u>6,312,828</u> |
| Total Liabilities | | <u>8,534,162</u> | <u>8,168,018</u> |
| Net assets | | <u>4,262,792</u> | <u>3,678,070</u> |
| EQUITY | | | |
| Asset replacement reserve | | 46,638 | 46,638 |
| Retained earnings | | 4,216,154 | 3,631,432 |
| Total equity | | <u>4,262,792</u> | <u>3,678,070</u> |

The accompanying notes form part of these financial statements

FAMILY SERVICES ILLAWARRA LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2022

| | Retained Earnings | Asset Revaluation Reserve | Total |
|--|----------------------|---------------------------------|------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2020 | 2,266,226 | 46,638 | 2,312,864 |
| Comprehensive income | | | |
| Surplus/(deficit) for the year | 1,365,205 | - | 1,365,205 |
| Other comprehensive income | - | - | - |
| Total comprehensive income attributable to the members of the Company | - | - | - |
| Balance at 30 June 2021 | <u>3,631,432</u> | <u>46,638</u> | <u>3,678,070</u> |
| Comprehensive income | | | |
| Surplus/(deficit) for the year | 584,722 | - | 584,722 |
| Other comprehensive income | - | - | - |
| Total comprehensive income attributable to the members of the Company | | | |
| Balance at 30 June 2022 | <u>4,216,154</u> | <u>46,638</u> | <u>4,262,792</u> |

The Asset Revaluation Reserve

The revaluation asset reserve records the revaluations of non-current assets.

FAMILY SERVICES ILLAWARRA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 30 June 2022 | 30 June 2021 |
|---|-------|------------------|------------------|
| | | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 9,461,890 | 9,484,768 |
| Payments to suppliers and employees | | (6,824,009) | (6,917,011) |
| Interest received | | 2,101 | 3,257 |
| Net cash generated from operating activities | 17(i) | 2,639,982 | 2,571,014 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant & equipment | | - | - |
| Payments for property, plant and equipment | 7 | (689,597) | (494,151) |
| Net cash used in investing activities | | (689,597) | (494,151) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | - |
| Payment of Leases | | (960,885) | (812,766) |
| Net cash used in financing activities | | (960,885) | (812,766) |
| Net increase/(decrease) in cash and cash equivalents held | | 989,500 | 1,264,097 |
| Cash and cash equivalents at the beginning of the financial year | | 2,001,779 | 737,682 |
| Cash and cash equivalents at the end of the financial year | 4 | 2,991,279 | 2,001,779 |

The accompanying notes form part of these financial statements

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The financial statements are simplified disclosure financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. Family Services Illawarra Limited ("the Company") is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements are presented in Australian dollars, which is Family Services Limited's functional and presentation currency.

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 September 2022. The Directors have the power to amend and reissue the financial statements.

Note 1: Summary of Significant 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.

New or amended Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 January 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060 from 1 January 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, as appropriate for not-for-profit oriented entities.

Historical cost convention

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

Critical accounting estimates

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 Company'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 in note 1.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies

Revenue Recognition

The Company recognises revenue as follows:

Revenue from contracts with customers:

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

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

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time the pledge is made.

Grants

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

If conditions are attached to the grant which must be satisfied before the entity is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest

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 Revenue

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

Volunteer Services

The Company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

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 twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less where applicable, accumulated depreciation and any impairment losses.

Property

Freehold land and buildings are shown at their fair values based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to Company commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate | |
|------------------------|-------------------|-----------|
| | 2022 | 2021 |
| Leasehold improvements | 10% - 25% | 10% - 25% |
| Plant and equipment | 5% to 40% | 5% to 40% |
| Motor Vehicles | 33% | 33% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit and loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use 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.

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 Company 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 remeasurement of lease liabilities.

The Company 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.

Provisions

Provisions are recognised when the Company 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.

Trade and Other Payables

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

Employee Benefits

Provision is made for the Company's liability for the employee benefits of wages, salaries, annual leave and sick leave arising from services rendered by employees to the end of the reporting period, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

Provision is made for the Company's liability for the employee benefit of long service leave arising from services rendered by employees to the end of the reporting period, calculated at the current value of the employees' services. Provision for employees with less than 10 years service has been allocated to non-current liabilities. In determining the liability for employee benefits, long service leave has been calculated from the employee's start date. Related on-costs have also been included in the liability.

The Company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when 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 statement of financial position.

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.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price.

Classification and Subsequent Measurement

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost or fair value through profit or loss. The Company's only financial liabilities are trade and other payables. They are recognised at the amount payable.

Financial Assets

The Company's financial assets of cash and cash equivalents, trade and sundry debtors are measured at the amount expected to be received.

Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit making, derivatives not held for hedging purposes, or when they are designated as such to avoid accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key personnel on a fair value basis in accordance with documented risk management and investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

Impairment of Trade Receivables

The Company does not recognise a loss allowance for expected credit losses on trade receivables as they believe the balance is recoverable. In the instance where an allowance was necessary, the Company would use the general approach to impairment as applicable under AASB 9.

Under the general approach, at each reporting period, the Company would assess whether the financial instruments are credit impaired and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Company measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Company measure the loss allowance of the financial instrument at an amount equal to 12-months expected credit losses.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the Company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation 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.

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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Accounting Estimates and Judgments (cont)

Buildings

The freehold land and buildings are shown at their fair values based on periodic, but at least triennial, valuations. The most recent valuation was carried out on 20 March 2019 by Herron Todd White (South East NSW) Pty Ltd, an external independent valuer. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

New & Amended Accounting Policies

New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements.

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 the Company's 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 the Company's 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.

Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

| Note | 30 June 2022 \$ | 30 June 2021 \$ |
|--|--------------------|--------------------|
| NOTE 2: REVENUE AND OTHER INCOME | | |
| Revenue from contracts with customers | | |
| Grants | 4,995,307 | 3,428,068 |
| Services provided | 2,429,887 | 2,845,307 |
| Total revenue from contracts with customers | <u>7,425,194</u> | <u>6,273,375</u> |
| Other income | | |
| Donations | 3,000 | 190 |
| Profit/(loss) on disposal of property, plant & equipment | - | - |
| Interest received | 2,101 | 3,257 |
| Sponsorship | 581,526 | 837,446 |
| Other income | 20,351 | 130,112 |
| Government stimulus package | 342,099 | 1,602,450 |
| Rental income | 839,306 | 729,606 |
| Total other income | <u>1,788,383</u> | <u>3,303,061</u> |
| Total revenue and other income | <u>9,213,577</u> | <u>9,576,436</u> |
| The company operates in one geographical location - Australia | | |
| NOTE 3: EXPENSES | | |
| Bad debts written off | - | 15,203 |
| Depreciation, amortisation & impairment | 1,345,599 | 1,290,249 |
| Fees paid to or owed to the Auditors of the entity - Mr Ben Fock (HLB Mann Judd) | 35,000 | 26,500 |
| Fees paid to or owed to HLB Mann Judd for non audit services | 4,750 | 4,700 |
| Depreciation charge related to right-of-use assets | 1,238,675 | 1,005,821 |
| Interest expense on lease liabilities | 136,526 | 145,662 |
| Short-term leases expense | 106,974 | 111,497 |
| Low value asset leases expense | - | - |
| NOTE 4: CASH AND CASH EQUIVALENTS | | |
| Current | | |
| Cash at Bank | 2,990,579 | 1,998,078 |
| Cash on hand | 700 | 3,701 |
| Total cash and cash equivalents | <u>2,991,279</u> | <u>2,001,779</u> |
| NOTE 5: TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Trade receivables | 70,221 | 324,863 |
| Provision for Impairment | (10,975) | (15,203) |
| Total trade and other receivables | <u>59,246</u> | <u>309,660</u> |
| (i) Provision for Impairment | | |
| Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items. | | |
| NOTE 6: OTHER ASSETS | | |
| Current | | |
| Prepayments | 212,650 | 51,550 |
| | <u>212,650</u> | <u>51,550</u> |
| Non-Current | | |
| Bonds | 148,107 | 11,832 |
| | <u>148,107</u> | <u>11,832</u> |

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

| Note | 30 June 2022 \$ | 30 June 2021 \$ |
|---|-------------------------|-------------------------|
| NOTE 7: PROPERTY PLANT AND EQUIPMENT | | |
| BUILDINGS | | |
| At independent valuation | 425,000 | 425,000 |
| At cost | | |
| Less: accumulated depreciation | (37,458) | (24,213) |
| | <u>387,542</u> | <u>400,787</u> |
| LEASEHOLD IMPROVEMENTS | | |
| <i>Leasehold improvements</i> | | |
| At cost | 2,536,221 | 2,437,459 |
| Less: accumulated depreciation | (603,600) | (355,633) |
| | <u>1,932,621</u> | <u>2,081,826</u> |
| PLANT & EQUIPMENT | | |
| <i>Plant & Equipment</i> | | |
| At cost | 743,644 | 152,809 |
| Less: accumulated depreciation | (181,061) | (137,444) |
| | <u>562,583</u> | <u>15,365</u> |
| Motor Vehicles | | |
| At cost | 89,763 | 89,764 |
| Less: accumulated depreciation | (81,024) | (76,167) |
| | <u>8,739</u> | <u>13,597</u> |
| Total Property Plant and Equipment | <u><u>2,891,485</u></u> | <u><u>2,511,575</u></u> |

The freehold land and buildings are shown at their fair values based on periodic, but at least triennial, valuations. The most recent valuation was carried out on 20 March 2019 by Herron Todd White (South East NSW) Pty Ltd, an external independent valuer. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property plant and equipment between the beginning and the end of the current financial year.

| | Buildings | Leasehold improvement | Plant & Equipment | Motor Vehicles | Total |
|--------------------------------------|----------------|--------------------------|----------------------|-------------------|------------------|
| 2022 | | | | | |
| Balance at the end/start of the year | 400,787 | 2,081,826 | 15,365 | 13,597 | 2,511,575 |
| Additions - at cost | - | 98,762 | 590,835 | - | 689,597 |
| Asset revaluation | - | - | - | - | - |
| <i>Transfers</i> | | | | | |
| Disposals (net) | - | - | - | - | - |
| Depreciation | (13,245) | (247,967) | (43,617) | (4,858) | (309,687) |
| Balance at the end of the year | <u>387,542</u> | <u>1,932,621</u> | <u>562,583</u> | <u>8,739</u> | <u>2,891,485</u> |

NOTE 8: RIGHT OF USE ASSETS

The Company's lease portfolio consists of buildings and motor vehicles. These leases have terms of either 2, 5 or 10 years. The option to extend or terminate are contained in several of the property leases of the Company. These clauses provide the Company with opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of Use Asset.

AASB 16 related amounts recognised in the balance sheet

| | | |
|---------------------------------|-------------------------|-------------------------|
| Leased Building | 8,881,861 | 8,336,756 |
| Less Accumulated Depreciation | (2,387,674) | (1,424,893) |
| | <u>6,494,187</u> | <u>6,911,863</u> |
| Leased Motor Vehicles | - | 71,755 |
| Less Accumulated Depreciation | - | (23,925) |
| | <u>-</u> | <u>47,830</u> |
| Total Right of Use Asset | <u><u>6,494,187</u></u> | <u><u>6,959,693</u></u> |

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|---|------|--------------------|--------------------|
| NOTE 9: TRADE AND OTHER PAYABLES | | | |
| Current | | | |
| Trade payables & accrued expenses | | 675,389 | 450,850 |
| Contract liability | | 553,591 | 100,000 |
| Total trade and other payables | 9(i) | <u>1,228,980</u> | <u>550,850</u> |

No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The amount of \$553,591 is expected to be shown as grant revenue in the 2022 year as the performance obligations remain unsatisfied at reporting date.

| | | | |
|--|--|----------------|----------------|
| Contract liabilities | | | |
| Balance at the beginning of the year | | 100,000 | 132,094 |
| Grants for which performance obligations will only be satisfied in subsequent years. | | 553,591 | 100,000 |
| Transfer of grants to Profit/(Loss) | | (100,000) | (132,094) |
| Closing balance at the end of the year | | <u>553,591</u> | <u>100,000</u> |

NOTE 10: PROVISIONS

| | | | |
|------------------------------|--|----------------|----------------|
| Current | | | |
| <i>Employee Benefits</i> | | | |
| - Long service leave | | 65,871 | 42,304 |
| - Annual leave | | 349,657 | 300,864 |
| Total current provisions | | <u>415,528</u> | <u>343,168</u> |
| Non-Current | | | |
| <i>Employee Benefits</i> | | | |
| - Long service leave | | 41,007 | 34,875 |
| Total non-current provisions | | <u>41,007</u> | <u>34,875</u> |
| Total Provisions | | <u>456,535</u> | <u>378,043</u> |

| | Employee Entitlements Long Service Leave |
|---|---|
| Analysis of provisions | |
| Opening balance at 1 July | 77,179 |
| Additional provisions raised/(reversed) during the year | 29,699 |
| Amounts used | - |
| Balance at 30 June | <u>106,878</u> |

NOTE 11: LEASE LIABILITY

| | | | |
|--------------------|--|------------------|------------------|
| Current | | | |
| Lease Liability | | 948,448 | 961,172 |
| | | <u>948,448</u> | <u>961,172</u> |
| Non-Current | | | |
| Lease Liability | | 5,900,199 | 6,277,953 |
| | | <u>5,900,199</u> | <u>6,277,953</u> |

NOTE 12: EVENTS AFTER BALANCE DATE

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the Company up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Based on the Directors of the Company's understanding, although the COVID-19 situation has created economic uncertainty, the Directors of the Company believe the Company will be able to continue as a going concern.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years other than noted in the Directors Report.

FAMILY SERVICES ILLAWARRA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13: CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities and assets at 30 June 2022.

NOTE 14: RELATED PARTY TRANSACTIONS

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 Director's interests subsisting at year end.

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

NOTE 15: KEY MANAGEMENT PERSONNEL

| | | |
|------------------------|----------------|----------------|
| Total KMP Compensation | <u>437,531</u> | <u>357,539</u> |
|------------------------|----------------|----------------|

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, is considered key management personnel. The totals of remuneration paid to key management personnel of the Company during the year is above.

NOTE 16: COMPANY DETAILS

The registered office & principal place of business for the Company is:
O 136 Ground, 211 Lake Entrance Rd
Shellharbour NSW 2529

NOTE 17: CASH FLOW INFORMATION

(i) Reconciliation of Cash Flow from Operations with Surplus/(deficit) after income tax

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|---|------|--------------------|--------------------|
| Surplus/(deficit) after income tax | | 584,722 | 1,365,205 |
| Non cash flows: | | | |
| Depreciation, amortisation & impairment | 3 | 1,345,599 | 1,290,249 |
| (Loss)/gain on sale of Property Plant, Equipment | | - | - |
| Changes in asset and liabilities | | | |
| (Increase)/decrease in trade and other receivables | | 250,414 | (88,411) |
| (Increase)/decrease in other assets | | (297,375) | 9,737 |
| Increase/(decrease) in payables | | 678,130 | 2,329 |
| Increase/(decrease) in provisions | | 78,492 | (8,096) |
| Net cash provided by (used in) operating activities | | <u>2,639,982</u> | <u>2,571,014</u> |

FAMILY SERVICES ILLAWARRA LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

In the Directors' opinion:

- a) The financial statements and notes thereto are in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with Australian Accounting Standards - Simplified Disclosure Requirements and giving a true and fair view of the financial position and performance of the Company; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Peter Pak
Director & Chair, Audit Risk & Compliance (ARC) Committee



Gary Jackson
Managing Director & Company Secretary
Member, Audit Risk & Compliance (ARC) Committee

Dated: 19 September 2022

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2022

To the members of Family Services Illawarra Limited,

Opinion

I have audited the financial report of Family Services Illawarra Limited (the Entity) which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss 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 declaration by the Board of Directors.

In my opinion, the accompanying financial report of the Entity is 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 Entity's financial position as at 30 June 2022 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards - Simplified Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants ("the Code") that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Board of Directors of the Entity would be in the same terms if given as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Current Uncertainties Arising From Coronavirus Disease 2019 ("COVID-19")

I draw attention to Note 12 to the financial report, which describes the current uncertainties arising from the on-going situation associated with COVID-19. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Entity's management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (Wollongong) Pty Ltd is a member of HLB International, the global advisory and accounting network.

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Ben Fock

Registered Company Auditor

Dated: 19 September 2022

Wollongong

hlb.com.au

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