Communities@Work

ABN: 19 125 799 859

Financial Statements

For the Year Ended 30 June 2019

Communities@Work

ABN: 19 125 799 859

Contents
For the Year Ended 30 June 2019

Directors' Report

For the Year Ended 30 June 2019

Your directors present their report on the Company for the financial year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Name	Position
Alan Greenslade	Director, Chair
Brian Babington	Director, Deputy Chair
Gail Kinsella	Director, Treasurer (resigned 6 February 2019)
John Runko	Director
Karen Curtis	Director
Andrew Snaidero	Director (appointed as Treasurer 6 February 2019)
Bernice Ellis	Director
James Selkirk	Director (appointed 21 January 2019)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

Communities@Work is the largest “for purpose” provider of community services in the ACT. Our purpose is to be responsive to the community by delivering high quality services that support positive educational outcomes, assist in alleviating hardship, enhance the quality of life and lead to positive social change.

The services that we provide offer support to Canberrans whenever they are in need; regardless of age or background, we are there for infants and children working through their educational years as sons and daughters develop as young adults, we are there to assist growing families and we are there to help the elderly; whilst providing jobs for some 700 Canberrans.

Our community service model is predicated upon a strong and diverse children’s services unit – the resultant funding being used to support our social programs and invest in future programs that deliver tangible benefits to Canberrans in need.

Over the past five years our organisation has reinvested every available dollar back into the community, taking a long-term view rather than focussing on short-term financial performance. Cash reserves are utilised to increase our Food, Clothing & Shelter services as well as subsidise growing numbers of disengaged students who access our Galilee School (the only independent school of its type in the ACT).

Our communities require strong, sustainable service providers that they can rely on; a responsibility that Communities@Work take extremely seriously. As planned, our current financial performance has improved in 2018/19 that is building a solid foundation for the future. It is also enabling us to undertake research into understanding and optimising how we deliver services through a collaboration with the University of NSW to better understand the changing needs of Canberra’s most vulnerable and disadvantaged people. This partnership will help inform future programs and assist the wider ACT Not-For-Profit community to deliver the most effective programs with available resources.

Strategic Plan

In 2019 the Board established a Strategic Plan for the next three years, 2019-2022. Focussing on the key pillars of our Clients & Services, our People and Organisational Excellence, the plan’s purpose is:

"...to be responsive to the needs of the community by delivering high quality services that support positive educational outcomes, assist in alleviating hardship, enhance the quality of life and lead to positive social change.”

The 2019-2022 Strategic Plan informs our program area Business Plans, and can be found on the following page.

Communities@Work

Strategic Plan
2019 - 2022

Purpose
Communities@Work's purpose is to be responsive to the needs of the community by delivering high quality services that support positive educational outcomes, assist in alleviating hardship, enhance the quality of life and lead to positive social change.

Mission
To enrich the lives of people in our community in life changing ways.

Values

INTEGRITY	We uphold the highest standards of integrity in all our actions.
RESPECT FOR ALL	We respect everyone, and value difference and diversity.
PROGRESSIVE	We are adaptive and agile in pursuing the mission of Communities@Work, with a proactive approach to change and progress.
QUALITY AND INNOVATION	We are committed to excellent service delivery, underpinned by continuous quality improvement.
SUSTAINABILITY	We ensure our services are relevant and appropriate as we build our capacity for a sustainable future.

	Our Clients And Services	Our People	Organisational Excellence
Our Strategic **Goals**	Expand our footprint with increased services that reach a wider section of the community. Create positive social impact in our community and measure how social change has occurred.	Attract, develop and retain people who contribute to the organisation's exceptional culture. Our people are engaged and passionate about what we do and those we serve and demonstrate exceptional practice.	To secure a prudent and profitable financial base to adapt to market changes and reinvest to improve the lives of people in the community. To exceed all standards set in the quality and regulatory frameworks that underpin our operations.
Strategies To **Achieve** The Goals	We will participate in research and activities that guide the development and evaluation of programs to ensure our client journey is efficient, seamless, appropriate and positive. We will focus on positive social change with ideas and actions that are driven by everyday life issues.	We will develop a workforce strategy to help meet desired goals, maintain long-term success and prepare for the future of our workforce. We will measure and improve our employee satisfaction and clearly demonstrate our values to staff and volunteers.	We will identify and pursue business and enterprise development opportunities and make sound financial decisions. We will continue to roll out our internal audit process across the organisation. We will engage and collaborate with the community, the sector and government to better serve the region and our clients.
Success Measures	Feedback from clients indicates life changing outcomes have resulted from their interaction with our organisation.	We have a high retention of employees and positive feedback from satisfaction surveys.	We have made a positive contribution to the community and have evidence to demonstrate the impact.

commsatwork.org

Information on Directors

Alan Greenslade	Alan has extensive experience in leading financial management and governance roles in the public and private sector. Most recently, Alan was responsible for the Australian Government's financial reporting, estimates and cash management at the Department of Finance. Previous executive roles have included at the Australian National Audit Office, in the funds management industry and as a policy advisor at the UK Treasury. He has had a longstanding commitment to the community sector.
Dr Brian Babington	Dr Brian Babington has worked for over three decades to promote community, family and child welfare in Australia and developing countries. He is CEO of Families Australia, Convenor of the National Coalition on Child Safety and Wellbeing, and Director of the Indonesian Orphanages Research Centre. A former diplomat, he represented Australia in Burma and at the United Nations in New York on aid and development issues.
Gail Kinsella	Gail Kinsella is a director of Kinsella Chartered Accountants, a fellow of the Chartered Accountants Australia and New Zealand, a fellow of the Taxation Institute of Australia and a Commissioner on the Legal Aid ACT Board. Gail has served on a number of professional advisory boards in her industry.
John Runko	John Runko is CEO of Independent Property Group and has been involved in most facets of the property industry in Canberra over the past 30 years. John brings a wealth of business experience to the Board, he is a strong advocate for the community sector.
Karen Curtis	Karen was the inaugural Chief Executive for almost seven years of the Australian Children’s Education and Care Quality Authority (ACECQA) which regulated early childhood under the auspices of CoAG. Prior to that she was Australian Privacy Commissioner for six years. She was Executive Director of the Australian Made Campaign for two years and a senior executive with the Australian Chamber of Commerce and Industry for seven years. Karen has been on numerous boards and committees and has been a member of the Australian Institute of Company Directors (AICD) since 2003.
Andrew Snaidero	Andrew has been partner of an independent accounting firm based in Canberra since 2013. His vast experience in finance, auditing, reporting and governance, combined with his passion for the community and his flair for strategic thinking, has seen him serve on a number of boards, including as a corporate and financial advisor. He also works with the Institute of Chartered Accountants as a facilitator, mentor and examiner.
Bernice Ellis	Bernice leads the commercial disputes and insolvency team in the Canberra office of National law firm, Mills Oakley. She has a background in tax and commerce, is a board member of a local disability service provider and is passionate about giving back to the Canberra community.
James Selkirk	James is a qualified Chartered Accountant with over 20 years’ experience. He has a proven track record of success in a broad range of diverse and challenging leadership roles, and is currently the Chief Financial Officer at Canberra Data Centres having worked for KPMG, Macquarie Bank, Hutchison Whampoa and other leading infrastructure companies.

Directors' Report
For the Year Ended 30 June 2019

Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Alan Greenslade	8	7
Brian Babington	8	7
Gail Kinsella	5	5
John Runko	8	5
Karen Curtis	8	8
Andrew Snaidero	8	8
Bernice Ellis	8	7
James Selkirk	4	4

Members Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Company. At 30 June 2019, the number of members was 7 (2018: 7).

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on the following page of the financial statements.

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

Director: .... Director: ....

Dated: 16 OCT 2019 16/10/19

Nexia Australia

Auditor's Independence Declaration
Under Subdivision 60-40 of the Australian Charities and Not-For Profits Commission Act 2012 to the Directors of Communities@Work

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia Duesburys (Audit)
Canberra, 16 October 2019

G J Murphy
Partner

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Statement of Comprehensive Income
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue	12	**36,851,395**	34,724,055
Gain/(loss) on disposal of assets		**5,483**	(126,395)
Administrative and other expenses		**3,332,459**	3,436,220
Facilities maintenance costs		**2,660,422**	2,621,725
Direct service costs		**1,613,975**	1,502,066
Depreciation and amortisation expenses	6	**525,175**	626,350
Employee benefits expense		**26,268,951**	27,142,377
Surplus/(deficit) before income tax		**2,455,896**	(731,078)
Income tax expense	1(b)	**-**	-
Surplus/(deficit) for the year	13	**2,455,896**	(731,078)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,455,896**	(731,078)

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Statement of Financial Position
As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	**2,837,747**	165,910
Trade and other receivables	3	**1,213,504**	1,787,464
Other assets	4	**501,125**	84,075
TOTAL CURRENT ASSETS		**4,552,376**	2,037,449
NON-CURRENT ASSETS			
Other financial assets	5	**1,000**	1,000
Property, plant and equipment	6	**6,646,115**	6,590,175
TOTAL NON-CURRENT ASSETS		**6,647,115**	6,591,175
TOTAL ASSETS		**11,199,491**	8,628,624
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**2,064,807**	1,324,169
Financial liabilities	8	**543,886**	464,217
Other liabilities	9	**468,801**	193,501
Provision for employee entitlements	10	**1,157,366**	1,184,253
TOTAL CURRENT LIABILITIES		**4,234,860**	3,166,140
NON-CURRENT LIABILITIES			
Financial liabilities	8	**-**	1,319,007
Other liabilities	9	**743,238**	377,980
TOTAL NON-CURRENT LIABILITIES		**743,238**	1,696,987
TOTAL LIABILITIES		**4,978,098**	4,863,127
NET ASSETS		**6,221,393**	3,765,497
EQUITY			
Retained earnings		**6,221,393**	3,765,497
TOTAL EQUITY		**6,221,393**	3,765,497

Statement of Changes in Equity
For the Year Ended 30 June 2019

2019

	Retained Earnings $	Total $
Balance at 1 July 2018	**3,765,497**	**3,765,497**
Surplus/ (deficit) for the year	**2,455,896**	**2,455,896**
Balance at 30 June 2019	**6,221,393**	**6,221,393**

2018

	Retained Earnings $	Total $
Balance at 1 July 2017	4,496,575	4,496,575
Surplus/(deficit) for the year	(731,078)	(731,078)
Balance at 30 June 2018	3,765,497	3,765,497

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Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from government, customers and others		**38,349,173**	35,197,411
Payments to suppliers and employees		**(33,837,263)**	(35,957,914)
Interest received		**13,307**	173
Interest paid		**(28,180)**	(70,674)
Net cash provided by/(used in) operating activities		**4,497,037**	(831,004)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**12,718**	326,527
Payments for property, plant and equipment		**(588,350)**	(232,483)
Proceeds from investments		**-**	1,026,932
Net cash provided by/(used in) investing activities		**(575,632)**	1,120,976
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**-**	80,000
Repayment of borrowings		**(1,249,568)**	(283,605)
Net cash provided by/(used in) financing activities		**(1,249,568)**	(203,605)
Net increase/(decrease) in cash and cash equivalents held		**2,671,837**	86,367
Cash and cash equivalents at beginning of year		**165,910**	79,543
Cash and cash equivalents at end of financial year	2	**2,837,747**	165,910

Notes to the Financial Statements
For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

The financial statements are for Communities@Work (the Company) as an individual entity, incorporated and domiciled in Australia. The Company is a not-for-profit company limited by guarantee. It is a company that has otherwise been authorised by ASIC to omit the word 'Limited' from its name under Section 150 of the Corporations Act 2001.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Australia Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991 (NSW) and Regulations.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) New and amended accounting policies adopted by the Company

The Company has adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Company in either the current or prior financial reporting periods.

AASB 9: Financial instruments

The Company applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs from 1 July 2018. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting. AASB 9 replaces the previous requirements of AASB 139.

There were no financial assets/liabilities which the Company had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The adoption of AASB 9 has resulted in the reclassification of financial assets and financial liabilities as outlined in the following table, but has not resulted in any impacts on the financial position, profit or loss, other comprehensive income or total comprehensive income of the Company in the current or previous years.

Classification and measurement of financial assets and financial liabilities

Reference should be made to Note 1(e) for details of the new accounting policy for the classification and measurement of financial assets and financial liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(a) New and amended accounting policies adopted by the Company (continued)

Impairment

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

	Original measurement category under AASB 139	New measurement category under AASB 9	Original carrying amount under AASB 139	Adjustment recognised under AASB 9	New carrying amount under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	165,910	-	165,910
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	1,787,464	-	1,787,464
Other financial assets	Available for sale	Financial assets at fair value through profit or loss	1,000	-	1,000
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	1,324,169	-	1,324,169
Financial liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost	1,783,224	-	1,783,224

(b) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Property, Plant and Equipment

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

Where a revaluation has been performed, 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.

1 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

The carrying amount of plant and equipment is reviewed at the end of the reporting period to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 Company and the cost of the item can be measured reliably. All other costs (e.g. repairs and maintenance) are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5% - 20%
Furniture, Equipment and Systems	20% - 50%
Motor Vehicles	13% - 17%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1 Summary of Significant Accounting Policies (continued)

(e) 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 the date that the Company commits itself to either the purchase or sale of the asset (ie 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. In most circumstances trade receivables are initially measured at the transaction price.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. The subsequent measurement depends on the classification of the financial instrument as described below.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the relevant period.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the above, the Company may make the following irrevocable elections/designations at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Financial Statements
For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Company recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated based on the Company’s historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the future direction of conditions at the reporting date, including time value of money where appropriate.

(f) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying values of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the profit or loss.

(g) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

(h) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Revenue

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

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grant revenue is recognised in the statement of comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is 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.

Donations and bequests are recognised as revenue when received.

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

(k) Unexpended Grants

The Company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Company to treat grant monies as unexpended grants in the statement of financial position where the Company is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(l) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of the GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative Amounts

Comparative figures have been adjusted, where necessary to conform to changes in presentation for the current financial year.

Notes to the Financial Statements
For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The directors do not believe that there were any key estimates or key judgments used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

2 Cash and Cash Equivalents

	2019	2018
	$	$
Cash at bank	**2,835,947**	164,110
Cash on hand	**1,800**	1,800
	2,837,747	165,910

3 Trade and Other Receivables

	2019	2018
	$	$
Trade and other receivables	**1,327,611**	1,821,322
Provision for expected credit losses	**(114,107)**	(33,858)
	1,213,504	1,787,464

Provision for expected credit losses

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised based on lifetime expected credit losses. These amounts have been included in other expense items. Movement in the provision for expected credit losses is as follows:

	2019	2018
	$	$
Opening balance	**33,858**	164,976
Charge for the year	**114,107**	-
Write-off/reversal	**(33,858)**	(131,118)
Closing balance	**114,107**	33,858

4 Other Assets

	2019	2018
	$	$
Prepayments	**501,125**	84,075

Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Other Financial Assets

	2019	2018
	$	$
NON-CURRENT		
Other financial assets	**1,000**	1,000

Other financial assets comprise an investment in the ordinary issued capital of an unlisted company. There are no fixed returns or fixed maturity date attached to this investment.

6 Property, Plant and Equipment

	2019	2018
	$	$
Land and buildings - at cost	**6,958,855**	6,617,940
Accumulated depreciation	**(683,827)**	(501,288)
Impairment of building	**(141,221)**	(141,221)
	6,133,807	5,975,431
Furniture, equipment and systems - at cost	**1,910,739**	1,664,792
Accumulated depreciation	**(1,415,834)**	(1,078,123)
	494,905	586,669
Motor vehicles - at cost	**22,088**	79,940
Accumulated depreciation	**(4,685)**	(51,865)
	17,403	28,075
	6,646,115	6,590,175

Movements in Carrying Amounts

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

	Land and buildings	Furniture, equipment and systems	Motor vehicles	Total
	$	$	$	$
Balance at the beginning of year	5,975,431	586,669	28,075	6,590,175
Additions	340,915	247,435	-	588,350
Disposals	-	(825)	(6,410)	(7,235)
Depreciation	(182,539)	(338,374)	(4,262)	(525,175)
Balance at the end of the year	6,133,807	494,905	17,403	6,646,115

The carrying value of one of the buildings was impaired by $141,221 in a prior year as a result of a valuation that applied the concept of fair value in accordance with Australian Accounting Standard AASB 116 Property, Plant and Equipment. The independent valuation was carried out by MMJ Real Estate on 16 April 2014.

Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Trade and Other Payables

	2019 $	2018 $
Trade payables	**1,066,728**	492,623
Other payables	**998,079**	831,546
	2,064,807	1,324,169

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days.

8 Financial Liabilities

	2019 $	2018 $
CURRENT		
Secured bank loan facilities	**327,463**	225,545
Bonds	**186,300**	176,070
Other loan	**30,123**	62,602
	543,886	464,217
NON-CURRENT		
Other loans	**-**	36,034
Secured bank loan facilities	**-**	1,282,973
	-	1,319,007

The secured bank loan facilities with Westpac Bank comprises two facilities secured by way of registered mortgage over the property located at Dixon Drive, Holder ACT. In addition, the bank holds a general security over all existing and future assets and undertakings of the Company. The carrying values of assets pledged as security are disclosed in the statement of financial position. The facilities total $1,927,463 and are subject to variable interest rates. The amount of the facilities unused at 30 June 2019 was $1,600,000. The terms of the facilities are as follows:

- Facility A of $327,463 has principal plus interest repayments over a term of three years with a variable rate, which was 4.38% at year end.
- Facility B of $1,600,000 has interest only repayments over a term of three years with a variable rate, which was 4.38% at year end.

The facilities were renewed in the prior year and expire on 10 November 2019.

Bonds relate to bonds held for Children's Services based on the Company's two week bond policy.

Other loan relates to the Microsoft Dynamics NAV and CRM system financed through Microsoft Financing. The loan commenced on 7 November 2016 and has monthly repayments for a period of 36 months with a fixed interest rate of 7.64%.

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Other Liabilities

	2019 $	2018 $
CURRENT		
Income in advance and enrolment advances	**421,718**	193,501
Lease incentive	**47,083**	-
	468,801	193,501
NON-CURRENT		
Lease incentive	**743,238**	377,980

10 Provision for Employee Entitlements

	2019 $	2018 $
Provision for donated personal leave	**(297)**	(7,147)
Provision for annual leave	**1,021,368**	978,778
Provision for parental leave	**5,230**	-
Provision for long service leave	**131,065**	212,622
	1,157,366	1,184,253

11 Leasing Commitments

Operating leases

	2019 $	2018 $
Minimum lease payments:		
- not later than one year	**1,160,318**	805,429
- between one year and five years	**2,260,824**	2,644,388
- later than five years	**1,728,739**	2,282,510
	5,149,881	5,732,327

The leases are for printers, vehicles and various premises located in ACT.

In addition to the above, Communities@Work has entered into a number of leases under peppercorn rental arrangements. The fair value of these leases is not reflected in the financial statements.

Capital commitments

During the prior year the Company entered into a lease agreement to rent premises to provide childcare services. A condition of the lease agreement was that the Company undertakes certain works to refresh, redecorate and reconfigure the premises to reflect current best practice for childcare facilities. Some works were undertaken during the 2018/19 financial year and the remaining works are expected to be undertaken over the 2019/20 financial year. The remaining works have not been contracted but are expected to cost in the order of $400,000 for the 2019/20 year.

Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Revenue and Other Income

	2019 $	2018 $
Revenue		
- Provision of services	**30,803,281**	29,234,832
- Operating grants	**5,429,123**	4,694,291
- Fundraising and donations	**201,156**	318,589
- Sponsorship income	**125,400**	100,000
- Other income	**279,128**	376,170
	36,838,088	34,723,882
Other revenue		
- Other interest received	**13,307**	173
	36,851,395	34,724,055

13 Surplus/(Deficit) for the Year

Surplus/(deficit) for the year has been determined after the following specific items:

	2019 $	2018 $
Depreciation and amortisation	**525,175**	626,350
Bad and doubtful debts	**155,174**	780
Interest expenses	**28,180**	70,674
Leasing expenses	**269,894**	175,955
Rental expenses	**980,402**	990,885
Superannuation contributions	**2,146,206**	2,219,668

14 Key Management Personnel Disclosures

Key management personnel is defined by AASB 124 "Related Party Disclosures" as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

The total remuneration paid to key management personnel of the Company was $992,156 (2018: $1,382,697).

15 Related Party Disclosures

The following related party transactions took place with key management personnel related entities during the year:

- payments totalling $2,129 for legal advice during the year.
- wages of $1,774 paid to a close member of the family of key management personnel.

The transactions are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

In addition to the remuneration disclosed in Note 14, the Company paid $51,504 for Associations Liability Insurance which incorporates director's and officer's liability insurance.

Other than the above and the compensation of key management personnel which is separately disclosed, there were no other related party transactions during the financial year.

Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Financial Instruments

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable, accounts payable and borrowings.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

		2019	2018
		$	$
Financial Assets			
Financial assets at amortised cost			
Cash and cash equivalents	2	**2,837,747**	165,910
Trade and other receivables	3	**1,213,504**	1,787,464
Financial assets at fair value through profit or loss			
Other financial assets	5	**1,000**	1,000
Total financial assets		**4,052,251**	1,954,374
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	7	**2,064,807**	1,324,169
Financial liabilities	8	**543,886**	1,783,224
Total financial liabilities		**2,608,693**	3,107,393

17 Fundraising Income and Expenses

Details of gross income and total expenses of fundraising appeals:

	Total Raised 2019	Total Raised 2018
Campaign/Event:	$	$
General ongoing donations & fundraising	**201,156**	318,589
Less:		
Fundraising expenses	**43,979**	104,926
Net surplus from fundraising	**157,177**	**213,663**

Application of funds for charitable purposes:

During the year Communities@Work achieved a net surplus of $157,177(2018: $213,663) from fundraising activities.

This surplus was used to fund the following charitable programs:

	Net Fundraising Applied 2019	Net Fundraising Applied 2018
Program:	$	$
Social Programs	**138,937**	203,548
Galilee School	**10,171**	10,085
Lifestyle (Transport)	**7,925**	30
Children Services	**144**	-
Total	**157,177**	**213,663**

Communities@Work does not engage traders to undertake fundraising.

Notes to the Financial Statements
For the Year Ended 30 June 2019

18 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 7 (2018: 7).

19 Contingencies

During the prior year the Company entered into a lease agreement to rent premises to provide childcare services. The rent agreement is for an initial period of 10 years ending 31 July 2027. The agreement requires the Company to make good the premises if requested by the landlord. The Company estimates that the cost of make good could be in the order of $310,000. No amount has been recognised in the financial statements with respect to this as the obligation only arises if required by the landlord.

In the opinion of the directors, the Company did not have any other contingent assets or contingent liabilities at 30 June 2019 (30 June 2018: None).

20 Events After the End of the Reporting Period

The financial statements were authorised for issue by the Board of Directors on the date of signing the attached Directors' Declaration. The directors have the right to amend and reissue the financial statements after they are issued.

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

21 Company Details

The registered office of the Company is:

Communities@Work
245 Cowlishaw Street
Greenway ACT 2900

Communities@Work
ABN: 19 125 799 859

Directors' Declaration

The directors of Communities@Work (the Company) declare that:

1. The financial statements and notes, as set out on pages 6 to 22, are in accordance with both the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991 (NSW) and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements; and

    b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company;

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

3. The financial statements give a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;

4. The Statement of Financial Position gives a true and fair view of the state of affairs with respect of fundraising appeals;

5. The provisions of the Charitable Fundraising Act 1991 (NSW), the regulations under the Act and the conditions attached to the authority have been complied with; and

6. The internal controls exercised by the organisation are appropriate and effective in accounting for all the income received and applied by the organisation from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Director ....

Director ....

Dated 16 OCT 2019

16/10/19

Independent Auditor's Report
To the Members of Communities@Work

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Communities@Work (the Company), which comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and 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 statements of Communities@Work, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

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 Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial statements 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.

Other information

The directors are responsible for the other information. The other information comprises the information in Company's annual report and directors' report for the year ended 30 June 2019, but does not include the financial statements and the auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 the other information we are required to report that fact. We have nothing to report in this regard.

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Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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

Report on the Requirements of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulation 2015

Opinion

We have audited the financial statements as required by Section 24(2) of the NSW Charitable Fundraising Act 1991. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulation 2015.

In our opinion:

a) the financial statements show a true and fair view of the financial result of fundraising appeals for the year to which they relate;

b) the accounts and associated records relating to fundraising activities have been properly kept during the year in accordance with the above mentioned Act and Regulation;

c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the above mentioned Act and Regulation; and

d) Communities@Work is solvent.

Responsibilities

The directors are responsible for compliance with the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulation 2015.

Our responsibility is to express an opinion based on our audit conducted in accordance with Australian Auditing Standards. Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements of the above mentioned Act or Regulation as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Nexia Duesburys (Audit)
Canberra, 16 October 2019

G J Murphy
Partner