Communities@Work

ABN: 19 125 799 859

Financial Statements

For the Year Ended 30 June 2020

Communities@Work

ABN: 19 125 799 859

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For the Year Ended 30 June 2020

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Directors' Report

For the Year Ended 30 June 2020

The board members present their report on Communities@Work (the Company) for the financial year ended 30 June 2020.

Board Members

The names of the board members in office at any time during or since the end of the year are:

Name	Position
Alan Greenslade	Director, Chair
Brian Babington	Director, Deputy Chair
Andrew Snaidero	Treasurer
John Runko	Director
Karen Curtis	Director
Bernice Ellis	Director
James Selkirk	Director
Joanne Garrisson	Director (appointed 5 February 2020)

Board members 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.

In response to the COVID-19 pandemic, Communities@Work remained committed to keeping essential children's services operating whilst complying with all ACT Health advice. This included the operation of several School hubs and the transition to online learning for our Galilee School students. The continuing operation of our core services assisted in keeping essential frontline services of the ACT operational during this difficult time.

Communities@Work reported a surplus from ordinary operations in conjunction with COVID-19 Government stimulus packages. In response to our Strategic Plan 2019-2022, the surpluses will be committed to capital projects including the Galilee School expansion, the improvement of many of our childcare services and the enhancement of our community centre spaces.

Significant Changes

No significant changes in the nature of the principal activities occurred during the financial year.

Operating Results and Review of Operations for the Year

The Company has reported a surplus of $2,300,991 (2019: $2,455,896).

The Company remains in a strong financial position and is adapting well to the changing conditions involving COVID-19 restrictions and the subsequent economic downturn.

Communities@Work

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Directors' Report

For the Year Ended 30 June 2020

Meetings of Board Members

During the financial year, 9 meetings of board members were held. Attendances by each board member during the year were as follows:

	Board Members' Meetings	
	Number eligible to attend	Number attended
Alan Greenslade	9	9
Brian Babington	9	8
Andrew Snaidero	9	8
John Runko	9	6
Karen Curtis	9	8
Bernice Ellis	9	7
James Selkirk	9	8
Joanne Garrisson	4	3

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 2020, the number of members was 8 (2019: 7).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on the following page of the financial statements.

Signed in accordance with a resolution of the Board Members:

Board member: A Snaid..   Board member: ....

Dated: 4th NOV 2020

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 2020 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 2020

R C Scott
Partner

Communities@Work
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Statement of Comprehensive Income
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	12	**39,587,690**	36,851,395
Gain/(loss) on disposal of assets		**(2,166)**	5,483
Administrative and other expenses		**2,789,117**	3,332,459
Facilities maintenance costs		**2,247,064**	2,660,422
Direct service costs		**1,668,009**	1,613,975
Interest on lease liabilities	7	**152,241**	-
Amortisation of lease assets	7	**708,682**	-
Depreciation and amortisation expenses	6	**597,577**	525,175
Employee benefits expense		**29,121,843**	26,268,951
Surplus/(deficit) before income tax		**2,300,991**	2,455,896
Income tax expense	1(b)	**-**	-
Surplus/(deficit) for the year	13	**2,300,991**	2,455,896
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,300,991**	2,455,896

Communities@Work
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Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	**4,762,897**	2,837,747
Trade and other receivables	3	**2,313,634**	1,213,504
Other assets	4	**133,911**	501,125
TOTAL CURRENT ASSETS		**7,210,442**	4,552,376
NON-CURRENT ASSETS			
Other financial assets	5	**1,000**	1,000
Property, plant and equipment	6	**6,984,123**	6,646,115
Right-of-use assets	7	**3,881,471**	-
TOTAL NON-CURRENT ASSETS		**10,866,594**	6,647,115
TOTAL ASSETS		**18,077,036**	11,199,491
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities	7	**563,771**	-
Trade and other payables	8	**2,144,452**	2,064,807
Financial liabilities	9	**179,413**	543,886
Other liabilities	10	**1,473,774**	468,801
Provision for employee entitlements	11	**1,220,142**	1,157,366
TOTAL CURRENT LIABILITIES		**5,581,552**	4,234,860
NON-CURRENT LIABILITIES			
Lease liabilities	7	**3,973,100**	-
Other liabilities	10	**-**	743,238
TOTAL NON-CURRENT LIABILITIES		**3,973,100**	743,238
TOTAL LIABILITIES		**9,554,652**	4,978,098
NET ASSETS		**8,522,384**	6,221,393
EQUITY			
Retained earnings		**8,522,384**	6,221,393
TOTAL EQUITY		**8,522,384**	6,221,393

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Statement of Changes in Equity
For the Year Ended 30 June 2020

2020

	Retained Earnings $	Total $
Balance at 1 July 2019	**6,221,393**	**6,221,393**
Surplus/ (deficit) for the year	**2,300,991**	**2,300,991**
Balance at 30 June 2020	**8,522,384**	**8,522,384**

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

Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from government, customers and others		**39,971,262**	38,349,173
Payments to suppliers and employees		**(36,106,479)**	(33,837,263)
Interest received		**27,575**	13,307
Interest paid		**(7,507)**	(28,180)
Interest on lease liabilities		**(152,241)**	-
Net cash provided by/(used in) operating activities		**3,732,610**	4,497,037
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**-**	12,718
Payments for property, plant and equipment		**(936,029)**	(588,350)
Net cash provided by/(used in) investing activities		**(936,029)**	(575,632)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liabilities		**(506,958)**	-
Repayment of borrowings		**(364,473)**	(1,249,568)
Net cash provided by/(used in) financing activities		**(871,431)**	(1,249,568)
Net increase/(decrease) in cash and cash equivalents held		**1,925,150**	2,671,837
Cash and cash equivalents at beginning of year		**2,837,747**	165,910
Cash and cash equivalents at end of financial year	2	**4,762,897**	2,837,747

Notes to the Financial Statements
For the Year Ended 30 June 2020

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.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

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 effect of adopting these Accounting Standards and Interpretations is described below.

For the year ended 30 June 2020, the Company has adopted the following new Accounting Standards (and their relevant amending standards issued by the AASB):

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 16 Leases

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

The mandatory date of adoption for AASB 15 and AASB 1058 was 1 July 2019.

AASB 15 involves the use of a five-step recognition model for recognising revenue, the steps are:

Step 1 – Identify the contract with the customer

Step 2 – Identify the sufficiently specific performance obligations to be satisfied

Step 3 – Measure the expected consideration

Step 4 – Allocate that consideration to each of the performance obligations in the contract

Step 5 – Recognise revenue

1 Summary of Significant Accounting Policies (continued)

(a) New and Amended Accounting Policies Adopted by the Company (continued)

The Company has described its new accounting policy below in Note 1(j). The Company has elected to adopt the practical expedient whereby contracts that are considered to be 'complete' (where revenue has been fully recognised in accordance with previous standards) are not adjusted upon the adoption of the new standards.

AASB 1058 measures income by reference to the fair value of the asset received. The asset received, which could be a financial or non-financial asset, is initially measured at fair value when the consideration paid for the asset is significantly less than fair value, and that difference is principally to enable the Company to further its objectives. Otherwise, assets acquired are recognised at cost.

Where the asset has been measured at fair value, AASB 1058 requires that elements of other Accounting Standards are identified before accounting for the residual component. These standards are:

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1004 Contributions
- AASB 137 Provisions, Contingent Liabilities & Contingent Assets
- AASB 9 Financial Instruments

A transfer that requires the Company to use those funds to acquire or construct a recognisable non-financial asset to identified specifications; does not require the Company to transfer the non-financial asset to the transferor or other parties; and occurs under an enforceable agreement is recognised as income when (or as) the Company satisfies its obligations under the transfer.

Any donations, bequests or grants not recognised as described above are recognised as income when the Company obtains control of those funds.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the financial performance or position of the Company in either the current or prior financial reporting periods.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and has been applied for the first time from 1 July 2019. The accounting policy adopted by the Company from that date is described in Note 1(d). In the previous financial year, lease rentals payable on operating leases were recognised as an expense on a straight-line basis over the lease term.

On initial application of AASB 16, the Company has elected to adopt the modified retrospective approach, whereby the lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 July 2019. The Company's incremental borrowing rate was 3.42%. The right of use asset has been recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments at the transition date. As a result, comparative financial information has not been restated.

Notes to the Financial Statements
For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(a) New and Amended Accounting Policies Adopted by the Company (continued)

Upon initial application of the Standard, the following amounts were recognised as at 1 July 2019:

Right-of-use Asset	$3,593,207
Lease Liability	$4,383,527

The right-of-use assets were determined after deducting a total amount of $790,321 recorded as lease incentive liabilities at 30 June 2019 and $37,516 in July 2019.

(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.

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% - 33%
Furniture, Equipment and Systems	10% - 50%
Motor Vehicles	17%

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

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

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the Company the right to control the use of an identified asset over a period of time in return for consideration.

Where a contract or arrangement contains a lease, the Company recognises a right-of-use asset and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred. Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments, amounts expected to be paid under a residual value guarantee, the exercise price of purchase options for which the Company is reasonably certain to exercise and incorporate the Company's expectations of lease extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

The Company received rent concessions during the year from the ACT Government and the Federal Government. The rent concession received has met all the criteria and the Company has elected to adopt the practical expedient, whereby the changes in lease payments will be accounted for as a variable lease payment. The rent concession has been accounted for in the profit or loss during the financial year. The amount recognised in the profit or loss to reflect the changes in lease payments that arise from COVID-19 related rent concession was $338,366.

Short term leases (lease term of 12 months or less) and leases of low value assets ($10,000 or less) are recognised as incurred as an expense in the statement comprehensive income.

The Company has elected to recognise right-of-use assets in respect of concessional leases with below market rentals at cost.

(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).

1 Summary of Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

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.

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.

(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.

1 Summary of Significant Accounting Policies (continued)

(j) Revenue

In the previous financial year, revenue recognised in accordance with AASB 118 Revenue was measured at the fair value of the consideration received or receivable. The Company recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities.

Revenue recognised under AASB 15 is measured at the amount which the Company expects to receive in consideration for satisfying performance obligations to a customer. A performance obligation is the distinct good or service defined within the contract with a customer. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

Timing of Revenue Recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

If the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

Sale of goods and rendering of services

Revenue from sale of goods is recognised upon the delivery of goods to customers. Revenue in relation to rendering of services is recognised when or as performance obligations are met.

Interest revenue

Interest income is recognised on an accruals basis using the effective interest method.

Grant revenue

Grants received that are subject to specific conditions on the use of those funds are recognised as and when the Company satisfies its performance obligations by providing goods or services under the funding agreements. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on the Company are recognised as income when the Company obtains control of those funds, which is usually on receipt. Grant funding may either be received up front or at the completion of milestones.

Sale of donated goods

Revenue from the sale of donated goods and fundraising is brought to account when funds are received. The value of donated goods is not recognised as revenue by the Company.

Notes to the Financial Statements
For the Year Ended 30 June 2020

1 **Summary of Significant Accounting Policies (continued)**

(j) Revenue (continued)

Government assistance

Government assistance has been received during the year under the JobKeeper, Cash Flow Boost and Early Childhood Education and Care Relief Package programs. Payments under these programs are recognised as revenue once the Company is entitled to receive the payments. A receivable is recognised at year end for any payments that the Company is entitled to that have not been received. Payments received are recognised as 'Government assistance'.

(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.

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.

Notes to the Financial Statements
For the Year Ended 30 June 2020

2 Cash and Cash Equivalents

	2020	2019
	$	$
Cash at bank	**4,761,097**	2,835,947
Cash on hand	**1,800**	1,800
	4,762,897	2,837,747

3 Trade and Other Receivables

	2020	2019
	$	$
Trade and other receivables	**2,370,886**	1,327,611
Provision for expected credit losses	**(57,252)**	(114,107)
	2,313,634	1,213,504

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:

	2020	2019
	$	$
Opening balance	**114,107**	33,858
Charge for the year	**57,252**	114,107
Write-off/reversal	**(114,107)**	(33,858)
Closing balance	**57,252**	114,107

4 Other Assets

	2020	2019
	$	$
Prepayments	**133,911**	501,125

5 Other Financial Assets

	2020	2019
	$	$
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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Property, Plant and Equipment

	2020	2019
	$	$
Land and buildings - at cost	**7,525,628**	6,958,855
Accumulated depreciation	**(940,840)**	(683,827)
Impairment of building	**(141,221)**	(141,221)
	6,443,567	6,133,807
Furniture, equipment and systems - at cost	**2,278,714**	1,910,739
Accumulated depreciation	**(1,751,545)**	(1,415,834)
	527,169	494,905
Motor vehicles - at cost	**22,088**	22,088
Accumulated depreciation	**(8,701)**	(4,685)
	13,387	17,403
	6,984,123	6,646,115

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	6,133,807	494,905	17,403	6,646,115
Additions	566,773	369,256	-	936,029
Disposals	-	(444)	-	(444)
Depreciation	(257,013)	(336,548)	(4,016)	(597,577)
Balance at the end of the year	6,443,567	527,169	13,387	6,984,123

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 2020

7 Lease Assets and Liabilities

	2020 $	2019 $
Right-of-use-assets - Buildings		
At cost	3,929,925	-
Accumulated amortisation	(454,107)	-
	3,475,818	-
Right-of-use-assets - Motor Vehicle		
At cost	621,398	-
Accumulated amortisation	(248,750)	-
	372,648	-
Right-of-use-assets - Furniture and Equipment		
At cost	38,830	-
Accumulated amortisation	(5,825)	-
	33,005	-
	3,881,471	-

Movement in carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year:

	Right-of-use assets - Buildings $	Right-of-use assets - Motor Vehicle $	Right-of-use assets - Furniture and Equipment $	Total $
Year ended 30 June 2020				
Balance as the beginning of the year	-	-	-	-
Amount recognised on adoption of AASB 16	2,971,809	621,398	-	3,593,207
Additions	366,783	-	38,830	405,613
Disposals	(1,722)	-	-	(1,722)
Remeasurement on lease modification	593,055	-	-	593,055
Amortisation	(454,107)	(248,750)	(5,825)	(708,682)
	3,475,818	372,648	33,005	3,881,471

	2020 $	2019 $
Lease liabilities		
Current	563,771	-
Non-current	3,973,100	-
	4,536,871	-
Movement of lease liabilities during the year		
Balance at 1 July 2019	-	-
Amount recognised on adoption of AASB 16	4,383,527	-
Additions	405,613	-
Remeasurement of lease modification	593,055	-
Lease payments	(659,199)	-
Adjustment to lease liability - rent concessions	(338,366)	-
Interest	152,241	-
	4,536,871	-

7 Lease Assets and Liabilities (continued)

The Company's leases relate primarily to buildings, motor vehicle and furniture and equipment for operational purposes. The Company had various options to extend lease terms and had exercised these options during the year. The options to extend the leases have been included in the measurement of lease liabilities and right of use assets.

The Company holds a number of concessional leases with providers and terms as stated below:

- Capital Hill Early Childhood Centre (Department of Parliamentary Services): three year lease with annual rent of $1.00. The centre is used to provide childcare services.
- Isabella Plains Child Care and Education Centre (ACT Government): five year lease with annual rent of $0.50 on request. The centre is used for childcare and community services.
- Ngunnawal Childcare and Education Centre (ACT Government): two year lease with annual rent of $0.05. The centre is used to provide childcare services.
- Southern Hub – Tuggeranong Youth Centre (ACT Government): five year lease with annual rent of $0.05 on request. The centre is used as a youth centre.
- Tuggeranong Community Centre (ACT Government): five year lease with annual rent of $0.05 on request. The centre is used as a community centre.

8 Trade and Other Payables

	2020	2019
	$	$
Trade payables	**1,835,229**	1,066,728
Other payables	**309,223**	998,079
	2,144,452	2,064,807

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

9 Financial Liabilities

	2020	2019
	$	$
CURRENT		
Secured bank loan facilities	-	327,463
Bonds	**167,400**	186,300
Other loan	**12,013**	30,123
	179,413	543,886

The secured bank loan facilities with Westpac Bank is comprised of 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 $2,000,000 and are subject to variable interest rates. The amount of the facilities unused at 30 June 2020 was $2,000,000. The terms of the facilities are as follows:

Facility A of $1,000,000 and Facility B of $1,000,000 have interest only repayments for one year and loan principal plus interest repayments for the remaining two years of the term with bullet repayment for the amount outstanding on expiry of the Finance Term.

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

Other loan relates to a motor vehicle. The loan commenced on 18 May 2016 and has monthly repayments for a period of 60 months with a fixed interest rate of 5.61%.

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Other Liabilities

	2020	2019
	$	$
CURRENT		
Income in advance and enrolment advances	**1,473,774**	421,718
Lease incentive	**-**	47,083
	1,473,774	468,801
NON-CURRENT		
Lease incentive	**-**	743,238

11 Provision for Employee Entitlements

	2020	2019
	$	$
Provision for donated personal leave	**(1,461)**	(297)
Provision for annual leave	**1,085,766**	1,021,368
Provision for parental leave	**4,674**	5,230
Provision for long service leave	**131,163**	131,065
	1,220,142	1,157,366

12 Revenue and Other Income

	2020	2019
	$	$
Revenue		
- Provision of services	**24,806,005**	30,803,281
- Government assistance	**8,720,196**	-
- Operating grants	**5,540,341**	5,429,123
- Fundraising and donations	**150,490**	201,156
- Sponsorship income	**121,633**	125,400
- Other income	**221,450**	279,128
	39,560,115	36,838,088
Other revenue		
- Other interest received	**27,575**	13,307
	39,587,690	36,851,395

'Government assistance' income reflects the support received from Commonwealth and ACT governments during the COVID-19 (free childcare) period. This income stream should be read in conjunction with 'Provision of services' income for comparative purposes.

13 Surplus/(Deficit) for the Year

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

	2020	2019
	$	$
Depreciation and amortisation	**597,577**	525,175
Amortisation on lease assets	**708,682**	-
Bad and doubtful debts	**67,060**	155,174
Interest expenses	**7,507**	28,180
Interest on lease liabilities	**152,241**	-
Leasing expenses	**-**	269,894
Rental expenses	**-**	980,402
Superannuation contributions	**2,288,414**	2,146,206

Notes to the Financial Statements
For the Year Ended 30 June 2020

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 $1,189,881 (2019: $992,156).

The total number of key management personnel that are included in the above are nine (2019: ten).

During the year the Company paid $22,190 (2019: $13,860) to insure the directors and officers of the Company. This amount is included within the total remuneration disclosed above.

15 Related Party Disclosures

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

- wages of $15,835 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.

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.

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:

		2020	2019
		$	$
Financial Assets			
Financial assets at amortised cost			
Cash and cash equivalents	2	**4,762,897**	2,837,747
Trade and other receivables	3	**2,313,634**	1,213,504
Financial assets at fair value through profit or loss			
Other financial assets	5	**1,000**	1,000
Total financial assets		**7,077,531**	4,052,251
Financial Liabilities			
Financial liabilities at amortised cost			
Lease liabilities	7	**4,536,871**	-
Trade and other payables	8	**2,144,452**	2,064,807
Financial liabilities	9	**179,413**	543,886
Total financial liabilities		**6,860,736**	2,608,693

Notes to the Financial Statements

For the Year Ended 30 June 2020

17 Fundraising Income and Expenses

Details of gross income and total expenses of fundraising appeals:

	Total Raised 2020	Total Raised 2019
Campaign/Event:	$	$
General ongoing donations & fundraising	**150,490**	201,156
Less:		
Fundraising expenses	**53,112**	43,979
Net surplus from fundraising	**97,378**	**157,177**

Application of funds for charitable purposes:

During the year Communities@Work achieved a net surplus of $97,378 (2019: $157,177) from fundraising activities.

This surplus was used to fund the following charitable programs:

	Net Fundraising Applied 2020	Net Fundraising Applied 2019
Program:	$	$
Social Programs	**80,337**	138,937
Galilee School	**11,744**	10,171
Lifestyle (Transport)	**5,297**	7,925
Children Services	**-**	144
Total	**97,378**	**157,177**

Communities@Work does not engage traders to undertake fundraising.

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 2020 the number of members was 7 (2019: 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 2020 (30 June 2019: 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.

Notes to the Financial Statements
For the Year Ended 30 June 2020

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 4 to 23, 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 2020 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 members pursuant to subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Board member: A Smidero .... Board member: ....

Dated 4th NOV 2020

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 2020, 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 2020 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 (including Independence Standards) (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 2020, 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.

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.

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 2020

R C Scott
Partner