

GALILEE SCHOOL
SPECIAL PURPOSE FINANCIAL REPORT FOR
GALILEE SCHOOL
FOR THE YEAR ENDED
31 DECEMBER 2020

GALILEE SCHOOL

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GALILEE SCHOOL

PREFACE

Communities@Work's Galilee School is a registered, independent secondary school for disengaged and vulnerable young people in Years 7-10 in the ACT and surrounding areas for whom the mainstream schooling environment has struggled to deliver positive learning outcomes.

The functions of the school are supported by the broader operations and financial assets of Communities@Work. This includes board oversight, executive, facility and administrative support services to the Galilee School as part of Communities@Work's commitment to the staff, students and families who form part of this community. An organisation support expense is levied as an estimate of the costs in providing these services (refer Note 2).

The operating surplus for 2020 reflects two factors that were unusual to that year. Firstly, the infrastructure to support the school's expansion in years up to Year 10 and to establish the senior secondary college (Years 11 & 12) that commenced in January 2021 was supported in large part by Commonwealth Government grants. Those grants are recorded in full in revenue when received but the cost of infrastructure is depreciated over its expected life. That is, the infrastructure expenses reported are a fraction of the associated grants revenue received for 2020. Secondly, there can be timing effects in the impact of students with special needs as the amounts received are finalised and paid towards the end of the school's financial year. Accordingly amounts received can be higher (as was the case this year) or lower than planned; allied to that effect, the additional specialised staff resources to meet that need take some considerable time to acquire. This effect tends to even out over subsequent years.

The directors of Communities@Work are the Galilee School's committee for the purposes of government (Commonwealth and Territory) reporting.

As a special purpose set of financial statements, the assets, liabilities, income and expenses included in this report have been extracted from the management accounts of Communities@Work. As disclosed at Note 1 to the accounts, cash balance attributable to the Galilee School is incorporated in the 'Net payable to Communities@Work' which is reported as a non-current liability.

GALILEE SCHOOL

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Revenue			
Government funding:			
- Commonwealth		2,125,409	1,586,033
- ACT		488,769	338,627
Capital grants		797,643	-
Other income		<u>101,837</u>	<u>39,486</u>
Total revenue		<u>3,513,658</u>	<u>1,964,146</u>
Expenses			
Administration costs	2	316,229	176,773
Depreciation and amortisation		155,570	104,300
Employment costs		1,524,268	1,415,906
General expenses		206,010	209,238
Interest expense		25,949	1,101
School building costs		96,594	129,429
Travel costs		<u>1,530</u>	<u>1,661</u>
Total expenses		<u>2,326,150</u>	<u>2,038,408</u>
Surplus/(deficit) for the financial year		<u><u>1,187,508</u></u>	<u><u>(74,262)</u></u>

The above statement should be read in conjunction with the accompanying notes

GALILEE SCHOOL

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
Assets			
Current Assets			
Accrued income		720,477	
Prepayments		<u>8,292</u>	<u>-</u>
Total Current Assets		<u>728,769</u>	<u>-</u>
Non-Current Assets			
Property, plant and equipment	3	2,387,964	1,815,723
Right-of-use assets	4	<u>826,196</u>	<u>-</u>
Total Non-Current Assets		<u>3,214,160</u>	<u>1,815,723</u>
Total Assets		<u>3,942,929</u>	<u>1,815,723</u>
Current Liabilities			
Accruals		21,241	8,956
Financial liabilities		9,639	14,338
Grants in advance		22,559	26,014
Lease liabilities	4	35,832	-
Provision for annual leave		<u>64,137</u>	<u>53,549</u>
Total Current Liabilities		<u>153,408</u>	<u>102,857</u>
Non-Current Liabilities			
Lease liabilities	4	755,044	-
Net payable to Communities@Work		<u>1,109,244</u>	<u>975,141</u>
Total Non-Current Liabilities		<u>1,864,288</u>	<u>975,141</u>
Total Liabilities		<u>2,017,696</u>	<u>1,077,998</u>
Net Assets		<u>1,925,233</u>	<u>737,725</u>

The above statement should be read in conjunction with the accompanying notes

GALILEE SCHOOL

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Net Assets
2020	\$
Balance at 1 January 2020	737,725
Surplus/(deficit) for the year	<u>1,187,508</u>
Balance at 31 December 2020	<u>1,925,233</u>
2019	Net Assets
	\$
Balance at 1 January 2019	811,987
Surplus/(deficit) for the year	<u>(74,262)</u>
Balance at 31 December 2019	<u>737,725</u>

GALILEE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Galilee School is a cost centre within the operations of Communities@Work, which is the legal entity that operates the School. The assets, liabilities, income and expenses included in this report have been extracted from the books and records of Communities@Work. An organisation support expense is charged by Communities@Work as an estimate of the costs incurred by Communities@Work in providing services to Galilee School.

Basis of Preparation

The special purpose financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

Accounting Policies

New and Amended Accounting Policies Adopted by the School

AASB 16 Leases

AASB 16 replaces AASB 117 Leases, the School, being a non-reporting entity, has adopted the recognition and measurement requirements of AASB 16 Leases from 1 January 2020. This has resulted in the recognition of right of use assets and liabilities as disclosed in Note 4 to the financial statements. 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 School has elected to adopt 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 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 adoption date. As a result, comparative financial information has not been restated.

Income Tax

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

Property, Plant and Equipment

Items of plant and equipment are capitalised at historical cost. They are written off progressively as an expense by means of a depreciation charge on a straight line basis based on the estimated useful life of the asset. Assets with a cost in excess of \$3,000 (net of GST) are classified as Plant and Equipment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (continued)

As at 30 June 2011, Communities@Work acquired all the assets of Galilee Incorporated (including Galilee School) as part of an amalgamation process. Due to this process, Galilee School no longer reflects the assets that are not directly utilised by their operations. As such property at cost is still reflected as a part of Galilee School and reflected on their statement of financial position.

The estimated useful lives used for each class of depreciable assets are:

Class of assets	Useful lives
Buildings	20 - 40 years
Plant and equipment	3 – 7 years
Motor vehicle	5 years

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

Leases

At inception of a contract, the School assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the entity 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 School recognises a right-of-use asset (lease 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 entity'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 School is reasonably certain to exercise and incorporate the entity'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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash

Any cash balance attributable to Galilee School is incorporated in the 'Net payable to Communities@Work' which is shown as part of liabilities. The net amount payable to Communities@Work is recorded as a non-current liability. As Galilee School is a cost centre of Communities@Work, this net payable is only expected to reduce as Galilee School achieves cash surpluses.

Comparative Figures

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

NOTE 2 ADMINISTRATIVE COSTS

An organisation support expense of \$316,229 (2019: \$176,773) has been charged as at 31 December 2020 to Galilee School from Communities@Work.

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
Property – at cost	2,176,918	2,127,589
Less: accumulated depreciation	<u>(505,281)</u>	<u>(425,144)</u>
	<u>1,671,637</u>	<u>1,702,445</u>
Furniture and equipment – at cost	79,689	71,401
Less: accumulated depreciation	<u>(59,557)</u>	<u>(53,886)</u>
	<u>20,132</u>	<u>17,515</u>
Motor vehicle – at cost	22,088	22,088
Less: accumulated depreciation	<u>(10,709)</u>	<u>(6,693)</u>
	<u>11,379</u>	<u>15,395</u>
IT Systems – at cost	124,130	28,741
Less: accumulated depreciation	<u>(30,099)</u>	<u>(9,874)</u>
	<u>94,031</u>	<u>18,867</u>
Work in progress	<u>590,785</u>	<u>61,501</u>
	<u>2,387,964</u>	<u>1,815,723</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 4 LEASE ASSETS AND LIABILITIES

	2020	2019
	\$	\$
Right of use asset		
At cost	871,765	-
Accumulated amortisation	(45,569)	-
Net book value – right of use assets	<u>826,196</u>	<u>-</u>
Lease liabilities		
Current	35,832	-
Non-current	755,044	-
	<u>790,876</u>	<u>-</u>
Movement of lease liabilities during the year:		
Balance at beginning of the year	-	-
Amount recognised on adoption of AASB 16 Leases	182,269	-
Additions and transfer during the year	49,859	-
Remeasurement of lease modification	593,055	-
Lease payments	(59,248)	-
Interest expense	24,941	-
	<u>790,876</u>	<u>-</u>

GALILEE SCHOOL

**STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2020**

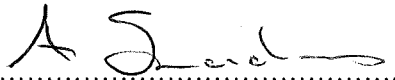
The Committee has determined that Galilee School is not a reporting entity.

In the opinion of the Committee, the financial statement and notes to the financial statements:

1. Present fairly the financial position of Galilee School as at 31 December 2020 and the results of Galilee School for the period ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Galilee School will be able to pay its debts as and when they fall due.

The financial statements have been made out in accordance with the accounting policies outlined in Note 1 to the financial statements.

This statement is made in accordance with a resolution of the Committee and is signed for an on behalf of the Committee by:



.....
ANDREW SNDIOLRO
TREASURER

Dated: 05/05/2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of Galilee School, which comprises the statement of financial position as at 31 December 2020 and the profit and loss statement and statement of changes in net assets for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the committee's declaration.

In our opinion the financial report presents fairly, in all material respects, the financial position of Galilee School as at 31 December 2020 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

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 Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared for the members of Communities@Work. The financial report may not be suitable for another purpose.

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

The committee members are responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1 to the financial statements, and for such internal control as the committee members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report 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.



Nexia Duesburys (Audit)
Canberra, 5 May 2021



R C Scott
Partner