**COMMUNITIES@WORK**

**ABN 19 125 799 859**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

CONTENTS

# Directors' Report

## For the Year Ended 30 June 2023

Your directors present their report on the Company for the financial year ended 30 June 2023.

**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 |
| Karen Curtis | Director, Deputy Chair |
| Andrew Snaidero | Director, Treasurer – resigned from the Board 8 February 2023 |
| John Runko | Director – resigned from the Board 30 November 2022 |
| Bernice Ellis | Director |
| Joanne Garrison | Director |
| James Selkirk | Director, Treasurer, appointed as Treasurer 8 February 2023 |
| Domenic Stramandinoli | Director - appointed to the Board 8 February 2023 |
| Wayne Harriden | Director, appointed to the Board 8 February 2023 |

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 and persons living with a disability; whilst providing jobs for over 600 Canberrans.

Our community service model is predicated upon a strong and diverse children's services program – the resultant funding being used to support our social programs and our Galilee School, we 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 medium term view rather than focussing on a single year's financial performance. Cash reserves are utilised to increase our Food, Clothing & Crisis support services and also used to subsidise growing numbers of disengaged students who access our Galilee School.

Communities@Work reported a surplus from ordinary operations supplement by Capital Grant income. The reported surplus in FY 22-23 was $0.7M higher than the previous financial year; due mainly to Capital Grant Income. As per our current Strategic Plan, any retained surpluses will be committed to further investment into the Canberra Community including the Galilee School, the improvement of many of our early childhood education and care services and ongoing investment in our staff.

**Significant Changes**

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

**Operating Results and Review of Operations for the Year**

The Company has reported a surplus of $1,047,086 (2022: $377,591).

The Company remains in a strong financial position and is adapting to the changing conditions involving COVID-19, the economic downturn, national workforce shortages and the increasing costs of resources required in the delivery of our programs and services.

**COMMUNITIES@WORK**
**ABN 19 125 799 859**

### Meetings of Board Members

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 |
| Andrew Snaidero | 5 | 4 |
| John Runko | 3 | 3 |
| Karen Curtis | 8 | 7 |
| Bernice Ellis | 8 | 5 |
| Joanne Garrison | 8 | 6 |
| James Selkirk | 8 | 7 |
| Domenic Stramandinoli | 4 | 4 |
| Wayne Harriden | 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 2023, the number of members was 7 (2022: 7).

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 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: James Selkirk ..... Director: .....

Date 27/11/2023

**COMMUNITIES@WORK**
**ABN 19 125 799 859**

**Statement of Comprehensive Income**
**For the year ended 30 June 2023**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| Revenue from contracts with customers | 2 | 43,293,730 | 38,237,902 |
| Other revenue | 2 | 702,445 | 2,710,569 |
| | | **43,996,175** | **40,948,471** |
| Administrative and other expenses | | 3,072,910 | 3,300,911 |
| Facilities maintenance costs | | 2,605,816 | 2,591,282 |
| Direct service costs | | 2,014,936 | 1,620,792 |
| Interest on lease liabilities | 3 | 134,183 | 139,942 |
| Amortisation of lease assets | 3 | 951,162 | 852,917 |
| Depreciation and amortisation expenses | 3 | 980,435 | 803,706 |
| Employee benefits expense | | 33,189,647 | 31,261,330 |
| | | **42,949,089** | **40,570,880** |
| **Surplus before income tax** | | **1,047,086** | **377,591** |
| Tax expense | | - | - |
| **Net surplus/(deficit)** | | **1,047,086** | **377,591** |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income** | | **1,047,086** | **377,591** |

The accompanying notes form part of the financial statements

**COMMUNITIES@WORK**
**ABN 19 125 799 859**

**Statement of Financial Position**
**As at 30 June 2023**

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 5,497,356 | 4,963,297 |
| Trade and other receivables | 5 | 1,406,138 | 2,144,800 |
| Other current assets | 6 | 250,338 | 226,994 |
| **Total current assets** | | **7,153,832** | **7,335,091** |
| | | | |
| **Non-current assets** | | | |
| Other financial assets | 7 | 1,000 | 1,000 |
| Property, plant and equipment | 8 | 11,390,287 | 10,230,111 |
| Right-of-use assets | 9 | 3,279,859 | 2,860,691 |
| **Total non-current assets** | | **14,671,146** | **13,091,802** |
| **TOTAL ASSETS** | | **21,824,978** | **20,426,893** |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Lease liabilities | 9 | 1,216,991 | 768,795 |
| Trade and other payables | 10 | 1,655,838 | 1,852,380 |
| Financial liabilities | 11 | 47,250 | 66,800 |
| Contract liabilities | 12 | 686,449 | 554,125 |
| Employee benefits | 13 | 1,548,122 | 1,486,704 |
| **Total current liabilities** | | **5,154,650** | **4,728,804** |
| | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 9 | 2,755,459 | 2,830,306 |
| **Total non-current liabilities** | | **2,755,459** | **2,830,306** |
| **TOTAL LIABILITIES** | | **7,910,109** | **7,559,110** |
| | | | |
| **NET ASSETS** | | **13,914,869** | **12,867,783** |
| | | | |
| **EQUITY** | | | |
| Retained Earnings | | 13,914,869 | 12,867,783 |
| **TOTAL EQUITY** | | **13,914,869** | **12,867,783** |

The accompanying notes form part of the financial statements

**COMMUNITIES@WORK**
**ABN 19 125 799 859**

**Statement of Changes in Equity**
**For the year ended 30 June 2023**

| | Retained Earnings | Total |
|---|---|---|
| | $ | $ |
| **Balance as at 1 July 2021** | 12,490,192 | 12,490,192 |
| Surplus/(deficit) for the year attributable to members of the entity | 377,591 | 377,591 |
| **Balance as at 30 June 2022** | **12,867,783** | **12,867,783** |
| Surplus/(deficit) for the year attributable to members of the entity | 1,047,086 | 1,047,086 |
| **Balance as at 30 June 2023** | **13,914,869** | **13,914,869** |

The accompanying notes form part of the financial statements

**COMMUNITIES@WORK**
**ABN 19 125 799 859**

**Statement of Cash Flows**
**For the year ended 30 June 2023**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from government, customers and others | | 49,158,678 | 40,745,310 |
| Payments to suppliers and employees | | (45,437,835) | (40,457,423) |
| Interest received | | 98,273 | 9,364 |
| Interest paid | | - | (328) |
| Interest on lease liabilities | | (134,183) | (139,942) |
| Net cash provided by/(used in) operating activities | | 3,684,933 | 156,981 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of plant and equipment | | - | - |
| Payments for property, plant and equipment | | (2,145,028) | (1,864,689) |
| Net cash provided by/(used in) investing activities | | (2,145,028) | (1,864,689) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | | (1,005,846) | (214,788) |
| Repayment of borrowings | | - | (29,100) |
| Net cash provided by/(used in) financing activities | | (1,005,846) | (243,888) |
| Net increase/(Decrease) in cash and cash equivalents held | | 534,059 | (1,951,596) |
| Cash and cash equivalents at beginning of year | | 4,963,297 | 6,914,893 |
| Cash and cash equivalents at end of financial year | 4 | **5,497,356** | **4,963,297** |

The accompanying notes form part of the financial statements

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

**New or amended Accounting Standards and Interpretations adopted**

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Non-for-profit Commission (ACNC) Act 2012* as appropriate for not-for-profit oriented entities and the Charitable Collection Act 2003 (ACT) and Regulations.

*Historical cost convention*

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

**a. Revenue**

*Government grants*

Government grant monies are received to fund programs either for contracted periods of time or for specific programs irrespective of the period of time required to complete those projects. Government grants are recognised in the statement of financial position as a liability when the grant is received.

Non-reciprocal grant revenue is recognised when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

*Other grants*

Other grant revenue received on the condition specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Non-reciprocal grants are revenue when the entity obtains control of the funds.

*Rendering of services*

Revenue from rendering of services is recognised upon delivery of the service to customers. Where income has been received prior to service delivery, it is carried forward as unearned revenue.

*Interest revenue*

Interest income is recognise on an accrual basis using the effective interest method.

*Donations*

Donations are recognised as revenue when the entity obtains control of the donation or the right to receive the donation and it is probable that the economic benefit comprising the donation will flow to the entity and the amount of the donation can be measured reliably. Unless they are designated for a specific purpose, in which cases they are carried forward as a liability on the statement of financial position.

**b. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**c. Property, plant and equipment**

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

*Land and Buildings*

Land and buildings are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.
Depreciation on buildings is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives.

*Plant and equipment*

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.
Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

*Depreciation*

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

The useful life used for each class of depreciable assets are:

| **Class of Fixed Asset** | **Depreciation rate** |
|---|---|
| Buildings | 2.5% - 33% |
| Furniture, Equipment, Systems and Course Development | 10% - 50% |
| Motor Vehicles | 17% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. 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.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**d. Impairment of assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible assets 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 statement of comprehensive income.

**e. Leases**

At inception of a contract, the entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the entity where the entity is a leasee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if leassee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**f. Financial Instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

*Classification and subsequent measurement*

(i) *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

A financial asset that meets the following conditions is subsequently measured as other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(ii) *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost, using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition

*Impairment*

The company recognises a loss allowance for expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.
For financial assets that are considered to be credit-impaired (not on acquisition or originations), the company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.
Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event); and
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation.

*Recognition of expected credit losses in financial statements*
At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.
Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.
*Derecognition*
Financial assets are derecognised when the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**g. Trade and other payables**

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

**h. Provisions**

Provisions for liabilities are made when there is a present obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.
*Short term employee benefits*

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries, superannuation and sick leave are recognised as payroll liabilities in the statement of financial position.

*Other long term employee benefits*

The Company classifies employees' long service leave as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees.

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

**i. Comparative figures**

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

**j. Taxation**

*Income tax*

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

**k. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

**l. Critical accounting estimates and judgements**

The directors evaluate the estimates and judgements incorporated into the financial report 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 organisation.

**Key estimates**

(i) *Useful lives of property, plant and equipment*

As described in Note 1 (c), the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

(ii) *Lease term*

*The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and also periods covered by an option to terminate the lease if the leassee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to the future strategy of the company.*

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 2. REVENUE AND OTHER INCOME** | | |
| Revenue from contracts with customers: | | |
| Provision of services | 34,104,479 | 29,251,242 |
| Operating grants | 9,140,235 | 8,945,860 |
| Rental income | 49,016 | 40,800 |
| | **43,293,730** | **38,237,902** |
| Other revenue: | | |
| Donations and fundraising | 164,210 | 105,286 |
| Sponsorship | - | 1,963 |
| Government assistance | - | 2,375,949 |
| Miscellaneous income | 439,962 | 218,007 |
| Interest received | 98,273 | 9,364 |
| Gain/(loss) on disposal of assets | - | - |
| | **702,445** | **2,710,569** |
| | **43,996,175** | **40,948,471** |

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.

| **NOTE 3. SURPLUS/(DEFICIT) FOR THE YEAR** | 2023 | 2022 |
|---|---|---|
| **Surplus/(Deficit) for the year has been determined after the following specific items:** | $ | $ |
| Depreciation and amortisation | 980,435 | 803,706 |
| Amortisation on lease assets | 951,162 | 852,917 |
| Bad and doubtful debts | 10,361 | 28,056 |
| Interest expenses | - | 328 |
| Interest on lease liabilities | 134,183 | 139,942 |
| Superannuation contributions | 2,922,625 | 2,628,466 |
| | **4,998,766** | **4,453,415** |

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 4. CASH AND CASH EQUIVALENTS** | | |
| Cash at bank | 5,495,156 | 4,961,297 |
| Cash on hand | 2,200 | 2,000 |
| | **5,497,356** | **4,963,297** |

**Accounting Policy**
Cash at bank includes term deposit of $4,000,000 (2022: $0).
As at 30 June 2023, there are two loan facilities of $751,398 each, totalling $1,502,796 (2022: $1,700,012) which are unused.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 5. TRADE AND OTHER RECEIVABLES** | | |
| Trade and other receivables | 1,425,096 | 2,182,833 |
| Provision for expected credit losses | (18,958) | (38,033) |
| | **1,406,138** | **2,144,800** |

**Provision for expected credit losses**

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Opening balance | 38,033 | 35,267 |
| Charge for the year | 10,361 | 38,033 |
| Write-off/reversal | (29,436) | (35,267) |
| Closing balance | **18,958** | **38,033** |

**Accounting Policy**

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.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 6. OTHER ASSETS** | | |
| Prepayments | 250,338 | 226,994 |
| | **250,338** | **226,994** |

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 7. OTHER FINANCIAL ASSETS** | | |
| **NON-CURRENT** | | |
| Other financial assets | 1,000 | 1,000 |
| | **1,000** | **1,000** |

**Accounting Policy**

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.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 8. PROPERTY, PLANT AND EQUIPMENT** | | |
| **Land and buildings** | | |
| At cost | 12,444,382 | 10,118,575 |
| Less accumulated depreciation | (2,207,537) | (1,697,720) |
| Less impairment of building | (141,221) | (141,221) |
| | 10,095,624 | 8,279,634 |
| **Furniture,equipment, systems and course development** | | |
| At cost | 4,096,905 | 3,733,588 |
| Less accumulated depreciation | (2,887,692) | (2,417,074) |
| | 1,209,213 | 1,316,514 |
| **Work in progress** | 85,450 | 633,963 |
| | **11,390,287** | **10,230,111** |

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

| | Land and Buildings | Furniture, equipment and systems | Work in progress | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Balance as at 1 July 2022 | 8,279,634 | 1,316,514 | 633,963 | 10,230,111 |
| Additions | 768,101 | 367,734 | 1,009,193 | 2,145,028 |
| Disposals | - | (4,417) | - | (4,417) |
| Depreciation | (509,817) | (470,618) | - | (980,435) |
| Transfers | 1,557,706 | - | (1,557,706) | - |
| **Balance as at 30 June 2023** | **10,095,624** | **1,209,213** | **85,450** | **11,390,287** |

The carrying value of one of the buildings was impaired by $141,221 in prior years 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.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 9. LEASE ASSETS AND LIABILITIES** | | |
| **Right-of-use assets - Buildings** | | |
| At cost | 4,262,220 | 3,336,870 |
| Less accumulated amortisation | (1,579,430) | (1,044,018) |
| | 2,682,790 | 2,292,852 |
| **Right-of-use assets - Motor Vehicle** | | |
| At cost | 1,715,870 | 1,428,650 |
| Less accumulated amortisation | (1,259,019) | (878,285) |
| | 456,851 | 550,365 |
| **Right-of-use assets - Furniture and Equipment** | | |
| At cost | 205,455 | 38,830 |
| Less accumulated amortisation | (65,237) | (21,356) |
| | 140,218 | 17,474 |
| | **3,279,859** | **2,860,691** |
| **Lease liabilities** | - | |
| Current | 1,216,991 | 768,795 |
| Non-current | 2,755,459 | 2,830,306 |
| | **3,972,450** | **3,599,101** |

The future minimum lease payments arising under the Company's lease contracts at the end of the reporting period are as follows:

| | | |
|---|---|---|
| Not later than one year | 1,465,373 | 1,412,084 |
| Later than one year not later than five years | 2,525,489 | 2,754,031 |
| Later than five years | 1,124,305 | 950,422 |
| | **5,115,168** | **5,116,537** |

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): five 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): five 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.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 10. TRADE AND OTHER PAYABLES** | | |
| Trade payables | 1,098,176 | 1,472,486 |
| Other payables | 557,662 | 379,894 |
| | **1,655,838** | **1,852,380** |

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

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 11. FINANCIAL LIABILITIES** | | |
| Bonds | 47,250 | 66,800 |
| | **47,250** | **66,800** |

Bonds relate to bonds held for Children's Services based on the Company's historical two-week bond policy. This policy is no longer active and bonds are being returned to families or used to pay final fees as they exit care.
The secured bank loan facilities with Westpac Bank are 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 $1,502,796 and are subject to variable interest rates. The amount of the facilities unused at 30 June 2023 was $1,502,796. Facility A of $751,398 and Facility B of $751,398 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.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 12. CONTRACT LIABILITIES** | | |
| **CURRENT** | | |
| Income in advance and enrolment advances | 686,449 | 554,125 |
| | **686,449** | **554,125** |

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 13. EMPLOYEE BENEFITS** | | |
| Provision for donated personal leave | (837) | (48) |
| Provision for annual leave | 1,367,338 | 1,367,310 |
| Provision for parental leave | 1,300 | 2,893 |
| Provision for long service leave | 180,321 | 116,549 |
| | **1,548,122** | **1,486,704** |

## NOTE 14. KEY MANAGEMENT PERSONNEL COMPENSATION

*Compensation:*

The aggregate compensation made to members of key management personnel of the company is set out below:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Key Management Personnel Compensation | 1,563,965 | 1,267,636 |
| | **1,563,965** | **1,267,636** |

## NOTE 15. RELATED PARTIES TRANSACTIONS

*Key management personnel*

Disclosures relating to key management personnel are set out in note 14.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial years.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **NOTE 16. FINANCIAL INSTRUMENTS** | | |
| **FINANCIAL ASSETS** | | |
| **Financial assets at amortised cost** | | |
| Cash and cash equivalents | 5,497,356 | 4,963,297 |
| Trade and other receivables | 1,406,138 | 2,144,800 |
| | **6,903,494** | **7,108,097** |
| **Financial assets at fair value through profit or loss** | | |
| Other financial assets | 1,000 | 1,000 |
| | **1,000** | **1,000** |
| **TOTAL FINANCIAL ASSETS** | **6,904,494** | **7,109,097** |
| **FINANCIAL LIABILITIES** | | |
| **Financial liabilities at amortised cost** | | |
| Trade and other payables | 1,655,838 | 1,852,380 |
| Financial liabilities | 47,250 | 66,800 |
| **TOTAL FINANCIAL LIABILITIES** | **1,703,088** | **1,919,180** |

**Accounting Policy**

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 are measured in accordance with AASB 9.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 17. FUNDRAISING INCOME AND EXPENSES** | | |
| **Campaign/Event:** | | |
| General outgoing donations & fundraising | 162,210 | 107,249 |
| Less Fundraising expenses | 68,676 | 38,302 |
| **Net surplus from fundraising** | **93,534** | **68,947** |

**Application of funds for charitable purposes:**

During the year Communities@Work achieved a net surplus of $93,534 (2022: $68,947) from fundraising activities.
This surplus was used to fund the following charitable programs:

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Program:** | | |
| Social Programs | 60,116 | 61,110 |
| Galilee School | 31,591 | 4,047 |
| Lifestyle (Transport) | 480 | 2,750 |
| Community Development | 3,347 | 1,040 |
| | **95,534** | **68,947** |

Communities@Work does not engage traders to undertake fundraising.

**NOTE 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 2023 the number of members was 7 (2022: 7).

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 19. REMUNERATION OF AUDITORS** | | |
| Audit of financial statements | 40,000 | 37,188 |
| Other services | 4,000 | 10,442 |
| | **44,000** | **47,630** |

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **NOTE 20. COMMITMENTS FOR EXPENDITURE** | | |
| Capital expenditure commitments contracted for: | | |
| Galilee school extensions | - | 4,507,028 |
| | **-** | **4,507,028** |

## NOTE 21. CONTINGENT LIABILITIES

The company had no contingent liabilities as at 30 June 2023 and 30 June 2022.

## NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

## NOTE 23: 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 the Company declare that:

The financial statements and notes, are in accordance with the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 and:

a) Comply with Australian Accounting Standards – Simplified Disclosures; and

b) the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

On behalf of the directors

Director.....James Selkirk.....

Director.....
Dated: 27/11/2023

**RSM Australia Partners**

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300
F +61 (0) 2 6217 0401

www.rsm.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Communities@Work for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

**RSM Australia Partners**

**Ged Stenhouse**
Partners

Canberra, Australian Capital Territory
Dated: 27 November 2023

RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300
F +61 (0) 2 6217 0401

www.rsm.com.au

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF

# COMMUNITIES@WORK

## Opinion

We have audited the financial report of Communities@Work ("the entity"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the financial report of Communities@Work has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the registered entity's financial position as at 30 June 2023 and of its financial performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities* 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 Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity 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 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.

## Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Communities@Work's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing Communities@Work's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Communities@Work or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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

RSM

**RSM Australia Partners**

**Ged Stenhouse**
Partner

Canberra, Australian Capital Territory
Dated:27 November 2023