



Community Child Care Association Inc.

ABN 90 494 504 678

Annual financial report

For the year ended 30 June 2020

Community Child Care Association Inc.

Suite 8 West, Bell City, 215 Bell Street, Preston VIC 3072

Tel 03 9486 3455 Fax 03 9486 3271

Email reception@cccinc.org.au Web www.cccinc.org.au

Community Child Care Association Inc.

ABN 90 494 504 678

Annual financial report

For the year ended 30 June 2020

Contents

	Page
Statement of profit or loss and other comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5
1 Statement of significant accounting policies	5
2 Grants and service agreements	9
3 Other income	9
4 Employee benefits expense	9
5 Service delivery costs	10
6 Grants distributed	10
7 Other expenses	10
8 Cash and cash equivalents	10
9 Receivables	11
10 Equipment	11
11 Payables	12
12 Provisions	12
13 Income received in advance	12
14 Reserves and retained surplus	13
15 Cash flow information	13
16 Commitments	14
17 Auditors' remuneration	14
18 Significant changes in operations	14
19 COVID-19 impact	15
20 Events after the reporting period	15
Declaration by members of the board	16
Auditor's independence declaration	17
Independent auditor's report	18

Community Child Care Association Inc.
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Grants and service agreements	2	7,561,385	9,112,660
Trainings and conferences		179,598	116,654
Consultancies and other sales		-	75,750
Membership fees		71,927	76,485
Interest		17,739	21,980
Other income	3	331,612	41,938
Total income		8,162,261	9,445,467
Expenditure			
Employee benefits expense	4	2,396,655	2,394,937
Service delivery costs	5	511,876	964,587
Grants distributed	6	4,717,405	5,686,012
Accommodation expenses		126,647	100,564
Administrative expenses		53,320	65,385
Communications		59,592	72,391
Depreciation		3,579	4,830
Other expenses	7	96,939	128,823
Total expenditure		7,966,013	9,417,529
Net result for the period		196,248	27,938
Other comprehensive income (expense)		-	-
Total comprehensive result for the period		196,248	27,938

The accompanying notes form part of these financial statements.

Community Child Care Association Inc.
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	8	2,317,105	2,330,138
Receivables	9	145,358	270,446
Prepayments		3,380	5,466
Total current assets		2,465,843	2,606,050
Non-current assets			
Equipment	10	4,669	8,248
Total non-current assets		4,669	8,248
Total assets		2,470,512	2,614,298
Liabilities			
Current liabilities			
Payables	11	159,178	1,458,386
Provisions	12	421,404	330,167
Income received in advance	13	1,109,040	280,654
Total current liabilities		1,689,622	2,069,207
Non-current liabilities			
Provisions	12	84,359	44,808
Total non-current liabilities		84,359	44,808
Total liabilities		1,773,981	2,114,015
Net assets		696,531	500,283
Equity			
Reserves		204,669	208,248
Retained surplus		491,862	292,035
Total equity	14	696,531	500,283

The accompanying notes form part of these financial statements.

Community Child Care Association Inc.
Statement of changes in equity
For the year ended 30 June 2020

	Note	Retained surplus \$	Reserves \$	TOTAL \$
Balance at 1 July 2018		262,067	210,278	472,345
Net result for the period		27,938		27,938
Reserve transfers	14	2,030	(2,030)	-
Balance at 30 June 2019		292,035	208,248	500,283
Net result for the period		196,248		196,248
Reserve transfers	14	3,579	(3,579)	-
Balance at 30 June 2020	14	491,862	204,669	696,531

The accompanying notes form part of these financial statements.

Community Child Care Association Inc.
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Grants and service agreements (inclusive of GST)		9,436,964	9,721,694
Other receipts (inclusive of GST)		548,815	369,675
Employee benefits paid		(2,247,708)	(2,260,409)
Grants distributed (inclusive of GST)		(6,373,410)	(5,070,349)
Payments to suppliers (inclusive of GST)		(1,057,657)	(1,384,553)
Interest received		18,096	22,785
Net GST paid to ATO		(338,133)	(158,008)
Net cash (used in) provided by operating activities	15	(13,033)	1,240,835
Cash flows from investing activities			
Purchase of equipment		-	(2,800)
Net cash used in investing activities		-	(2,800)
Net change in cash held		(13,033)	1,238,035
Cash and cash equivalents at beginning of year		2,330,138	1,092,103
Cash and cash equivalents at end of year	8	2,317,105	2,330,138

The accompanying notes form part of these financial statements.

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Statement of significant accounting policies

The financial statements cover Community Child Care Association Inc. ("CCC" or "the association") as an individual entity. CCC is an incorporated association in Victoria under the *Associations Incorporation Reform Act 2012 (Victoria)*, a Registered Australian Body with the Australian Securities and Investments Commission (ASIC) under the *Corporations Act 2001 (Cth)*, and a registered charity with the Australian Charities and Not-for-profits Commission (ACNC).

Basis of preparation

The board of CCC has determined that the association is not a reporting entity because there are no users who rely on general purpose financial statements for financial information about the entity. These financial statements are therefore special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012 (Victoria)* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the Australian Accounting Standards applicable to a 'tier three association' under the *Associations Incorporation Reform Act 2012* and a 'large registered entity' under the *Australian Charities and Not-for-profits Commission Act 2012*. CCC is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, apart from cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated.

Accounting policies

The following material accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020 and the comparative information for the year ended 30 June 2019, unless otherwise stated.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the association, and where specific performance obligations exist, those obligations have been satisfied. Revenue is measured at the fair value of the consideration received or receivable. Specific revenues are recognised as follows:

Grants

Where grant contracts are enforceable and have sufficiently specific performance obligations, revenue is deferred and first recognised as a liability in the statement of financial position (income received in advance) until such obligations are met, then recognised as revenue in the statement of comprehensive income as performance occurs in accordance with grant requirements. Grants are otherwise recognised as revenue when control of the underlying assets received or receivable has been obtained and it is probable that the economic benefits will flow to the entity.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of the services to the customer, and where delivery is in progress, by reference to the performance obligations satisfied to that stage.

Sale of goods

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

Membership fees

Membership fees are received in advance throughout the year and first recognised as a liability in the statement of financial position (income received in advance), then allocated to revenue on a monthly pro rata basis, from the date of membership commencement or renewal.

Interest

Interest revenue is recognised on a proportional basis as it accrues, taking into account the effective yield on the financial asset.

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

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

(b) Cash and cash equivalents

Cash and cash equivalents comprises at-call and short term deposits held with financial institutions and cash on hand.

(c) Receivables

Receivables comprise trade and other short-term amounts owing to the association. Receivables are recognised and carried at the nominal amounts due for settlement less any impairment losses.

(d) Equipment

Each class of fixed asset is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of physical assets is reviewed annually to ensure it is not materially in excess of the recoverable amount from these assets.

Depreciation

Fixed assets are capitalised and depreciated on a straight-line basis over their useful lives commencing from the time assets are held ready for use. The capitalisation threshold for the recognition of individual fixed assets is \$3,000 (2019: \$3,000).

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

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Computer equipment	10-40%
Office furniture and equipment	5-33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

(e) Leases (the entity as lessee)

At inception of a contract, the association assesses if the contract is, or contains, a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the association. 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 association uses its incremental borrowing rate.

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 association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(f) Impairment of assets

The association assesses the carrying amounts of its assets at the end of each reporting period for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated at the higher of the asset's fair value less costs to sell and value in use, and compared against its carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised as an impairment loss in the statement of profit or loss and other comprehensive income.

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

(g) Payables

Payables represent trade and other short-term liabilities for goods and services provided to the association prior to the end of the financial year which are unpaid. Payables are stated at cost.

(h) Provisions

Provisions are made when the association 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. The amounts recognised represent an estimate of the obligations as at the end of the reporting period.

(i) Income received in advance

Income received in advance represents liabilities for amounts received by the association in advance of the related delivery of goods or services, for which contractual obligations exist. Refer also *Note 1 (a) Revenue*.

(j) Employee benefits

The association recognises liabilities for employee benefits which are in exchange for services rendered by employees or for the termination of employment. These benefits include salaries and wages, accumulating annual and long-service leave, superannuation and redundancy entitlements.

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, including related on-costs. 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 plus related on-costs.

Superannuation Guarantee Contributions are made by the entity to employee-nominated superannuation funds and are charged as expenses as they become payable.

(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 Tax 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 GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

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

(l) Income Tax

CCC is endorsed as an income tax exempt charity under Division 50 (Subdivision 50-B) of the *Income Tax Assessment Act 1997*.

(m) Comparative figures

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

(n) Accounting judgments and estimates

The preparation of the association's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. Estimates and assumptions are based on historical experience, best available current information and reasonable expectations of future events. Actual results may differ from estimates.

Estimates and assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period or periods affected by the revision.

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

(o) New accounting standards adopted and changes in accounting policies

The association has applied the following Australian Accounting Standards for the first time in the annual period beginning 1 July 2019, and changed its accounting policies as a result of adopting these standards. The application of the standards has had no material effect on the amounts recognised in the current or comparative period.

AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers

AASB 1058, in conjunction with AASB 15, clarifies the income recognition requirements that apply to not-for-profit entities, and change the focus of income recognition from a reciprocal / non-reciprocal basis of assessment to one that considers the enforceability of a contract and the specificity of performance obligations. These two standards supersede the income recognition requirements contained in AASB 1004 *Contributions* and AASB 118 *Revenue*.

AASB 1058 applies to transactions of not-for-profit entities where the consideration to acquire an asset is significantly less than the fair value of that asset, principally to enable the entity to further its objectives. Under AASB 1058, the entity recognises and measures the asset (such as cash or other asset) at fair value in accordance with the applicable Australian Accounting Standard, and considers whether the transaction gives rise to liabilities or other performance obligations attached to the asset, the core principle being that the excess of an asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

AASB 15 applies where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations that results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduces a five-step approach to revenue recognition that is more prescriptive than AASB 118 *Revenue*.

The application of these two standards did not have any material impact on the measurement and recognition of income amounts disclosed in the financial report. The new revenue accounting policy is disclosed in *Note 1 (a): Revenue*.

AASB 16 Leases

AASB 16 *Leases* requires most operating leases to be included in the statement of financial position via the recognition of right-of-use assets and associated lease liabilities, with the assets depreciated and liabilities paid over time, whereas historically the expenses relating to operating leases have only been recognised in the statement of comprehensive income as they occur. Exceptions are allowed for short-term leases and low value assets. The new lease accounting policy is disclosed in *Note 1 (e): Leases*.

With the introduction of this standard, the association evaluated all its existing agreements covering the use of its business premises (in Melbourne and regional Victoria) to determine the existence of any leases under AASB 16. The review found that in substance each agreement held constituted service contracts comprising either a licence or occupancy arrangement in relation to the use of office space, and not a contract which conferred the rights of tenancy inherent in a commercial lease. As a result, the association concluded that no adjustments to the financial accounts were required for the recognition and measurement of any leases to balance date. Refer *Note 16: Commitments* for further information.

(p) New accounting standards issued but not yet effective and not yet adopted

Management has assessed that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective which are expected to have a material impact on the association's financial statements in the year of initial application.

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 2. Grants and service agreements

	2020	2019
	\$	\$
Department of Education and Training (Commonwealth) *	7,447,971	8,522,027
Department of Education and Training (Victoria)	32,983	123,958
HIPPY Australia	50,000	47,500
Semann & Slattery	17,371	410,115
Other	13,060	9,060
Total grants and service agreements	7,561,385	9,112,660

* Includes funds received for Victorian Inclusion Agency partners under the Inclusion Support Programme (ISP). Refer *Note 18: Significant changes in operations* for further information.

Note 3. Other income

	2020	2019
	\$	\$
Cash Flow Boosts *	62,500	-
JobKeeper wage subsidies *	258,000	-
Sponsorship	4,544	1,818
Recoupments	-	865
Paid parental leave funds (Department of Human Services)	-	25,897
Sundry income	6,568	13,358
Total other income	331,612	41,938

* Australian Government COVID-19 financial assistance. Refer *Note 19: COVID-19 support* for further information.

Note 4. Employee benefits expense

	2020	2019
	\$	\$
Salaries and wages	2,050,286	2,020,495
Change in accrued entitlements	130,787	112,484
Superannuation	192,000	202,590
Workcover	23,582	25,840
Parental leave	-	32,908
Other	-	620
Total employee benefits expense	2,396,655	2,394,937

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 5. Service delivery costs

	2020	2019
	\$	\$
Contractors	332,177	639,357
Marketing and promotion	17,774	79,415
Printing and production	23,859	42,044
Travel expenses	87,767	103,677
Venue hire and catering	37,071	45,848
Other service delivery costs	13,228	54,246
Total service delivery costs	511,876	964,587

Note 6. Grants distributed

Amounts represent the share per year of Department of Education and Training (Commonwealth) funding applicable to Victorian Inclusion Agency partners under the Inclusion Support Programme, as follows:

	2020	2019
	\$	\$
KU Children's Services	2,252,338	3,445,134
Yooralla	2,465,067	2,240,878
Total grants distributed	4,717,405	5,686,012

Note 7. Other expenses

	2020	2019
	\$	\$
Equipment-related expenses *	59,730	24,558
Staff professional development	26,149	93,748
Staff recruitment	6,302	5,176
All other	4,758	5,341
Total other expenses	96,939	128,823

* Includes mainly project-related minor equipment purchases and equipment repairs and maintenance costs.

Note 8. Cash and cash equivalents

	2020	2019
	\$	\$
Cash in bank accounts	1,934,105	1,953,357
Cash in short term deposits	383,000	376,781
Total cash	2,317,105	2,330,138

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 9. Receivables

	2020	2019
	\$	\$
Trade debtors	25,909	212,947
Grants in arrears	-	7,500
Sundry debtors	119,449	49,999
Total receivables	145,358	270,446

Note 10. Equipment

	2020	2019
	\$	\$
Computer equipment:		
At cost	64,507	64,507
Accumulated depreciation	(61,190)	(57,803)
Total computer equipment	3,317	6,704
Office furniture and equipment:		
At cost	15,010	15,010
Accumulated depreciation	(13,658)	(13,466)
Total office furniture and equipment	1,352	1,544
Total equipment	4,669	8,248

Movements in carrying amounts

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

	Computer equipment \$	Office furn & equip \$	Total \$
Balance at 1 July 2018	7,902	2,376	10,278
Additions	2,800	-	2,800
Depreciation expense	(3,998)	(832)	(4,830)
Balance at 30 June 2019	6,704	1,544	8,248
Depreciation expense	(3,387)	(192)	(3,579)
Carrying amount at 30 June 2020	3,317	1,352	4,669

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 11. Payables

	2020	2019
	\$	\$
Trade creditors	2,397	1,311,121
Accrued expenses	64,981	38,469
Goods and Services Tax (GST) payable	49,168	71,214
Pay-As-You-Go (PAYG) withholding tax payable	42,632	37,582
Total payables	159,178	1,458,386

Note 12. Provisions

	2020	2019
	\$	\$
Current		
Employee benefits		
-- Annual leave	163,018	154,007
-- Long-service leave	27,882	36,160
-- Other benefits	230,504	140,000
Total current	421,404	330,167
Non-current		
Employee benefits		
-- Long-service leave	84,359	44,808
Total non-current	84,359	44,808
Total provisions	505,763	374,975

Note 13. Income received in advance

	2020	2019
	\$	\$
Grants in advance	1,042,315	219,865
Memberships in advance	42,165	40,155
Training, consulting and other income in advance	24,560	20,634
Total income received in advance	1,109,040	280,654

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 14. Reserves and retained surplus

Movements in equity

Movement in balances for reserves and retained surplus:

	Fixed & other asset reserve \$	Other reserves \$	Retained surplus \$	Total equity \$
Balance at 1 July 2018	10,278	200,000	262,067	472,345
Increase (decrease) for year	(2,030)	-	29,968	27,938
Balance at 30 June 2019	8,248	200,000	292,035	500,283
Increase (decrease) for year	(3,579)	-	199,827	196,248
Balance at 30 June 2020	4,669	200,000	491,862	696,531

Nature and purpose of reserves

Fixed and other asset reserve

This reserve represents equity that is invested in fixed assets and other illiquid assets and therefore not available for other purposes. The level of the reserve equates to the net carrying amount of fixed and other assets held; movements in the reserve represent changes in the carrying amount of those assets.

Other reserves

Other reserves include funds set aside for other purposes including future equipment purchases / asset upgrades and funds held for contingency purposes. The amount at balance date comprised the contingency reserve.

Retained surplus

This represents the level of unrestricted funds available for general use.

The board of CCC reviews reserves on a regular basis and has discretion to alter the nature and purpose of reserves with reference to the entity's operating requirements.

Note 15. Cash flow information

	2020 \$	2019 \$
Reconciliation of net result from statement of profit or loss and other comprehensive income to cash flow from operating activities:		
Net result	196,248	27,938
Non-cash flows in net result		
Depreciation	3,579	4,830
Changes in operating assets and liabilities		
(Increase) decrease in receivables	125,088	63,840
(Increase) decrease in prepayments	2,086	(817)
Increase (decrease) in payables	(1,299,208)	1,334,427
Increase (decrease) in provisions	130,788	112,484
Increase (decrease) in income received in advance	828,386	(301,867)
Net cash inflow (outflow) from operating activities	(13,033)	1,240,835

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 16. Commitments

The association holds several service contracts comprising either a licence or occupancy arrangement in relation to the use of office space for its business premises. Management has assessed that these contracts do not confer the rights of tenancy inherent in a commercial lease and accordingly no recognition and measurement of right-of-use assets or associated liabilities have been required. The costs associated with these contracts have been recognised as they occur as accommodation expenses in the statement of profit and loss and other comprehensive income.

The association has however in July 2020 (post balance date) relocated one of its offices in regional Victoria and entered into a new two-year contract for the business premises which comprises a lease arrangement. The financial impact of this lease will be reflected in the financial statements for the next reporting period.

The combined minimum expected payment commitments under all the association's office space arrangements, including the existing occupancy agreements and the new July 2020 lease, was \$138,618 (2019: \$204,399).

Note 17. Auditors' remuneration

	2020	2019
	\$	\$
Remuneration of the auditors of the association, Curtain & Co., for:		
-- Audit of the annual financial report	9,160	8,700
Total auditors' remuneration	9,160	8,700

Note 18. Significant changes in operations

The current reporting period represents the fourth year of service delivery under the major Inclusion Support Programme (ISP) contract with the Commonwealth Department of Education and Training. The contract commenced 1 July 2016 for an initial three-year period and has subsequently been extended to 30 June 2022.

The ISP is being delivered by the Victorian Inclusion Agency (VIA), which comprises CCC as the lead agent and contracting party, KU Children's Services and Yooralla, and provides service coverage across Melbourne and regional Victoria. The ISP aims to assist education and care services to improve their capacity and capability to provide inclusive practices in relation to children with additional needs, and address participation barriers. Funding revenue under the contract totals around \$8 million per annum on average.

The scale of funding and scope of the required services under the contract has necessitated a major expansion in CCC's operational and financial activities for the contract period. At this stage, the association is uncertain as to the Commonwealth-funded service arrangements that may be in place beyond 30 June 2022 and is operating pursuant to the extended contract's expiry date. Should a subsequent contract not be available, the association will be required to revise its operations accordingly.

Community Child Care Association Inc.
Notes to the financial statements
For the year ended 30 June 2020

Note 19. COVID-19 impact

The association's operating circumstances have been affected by the coronavirus (COVID-19) outbreak, which was declared a pandemic by the World Health Organisation in March 2020. The COVID-19 situation is unprecedented and has adversely impacted the Australian economy, including for the effects of government restrictions. Management continues to assess the current and potential implications of COVID-19 for the association.

To date, the impact on the association has been reflected in declines in operating revenues and changes in customer demand, along with temporary modifications to activities and programming capacity. The association has also qualified for and is in receipt of Australian Government COVID-19 financial assistance, which helps offset the loss of revenue potential and the associated risks to organisational wellbeing. The impact of COVID-19 for the year ended 30 June 2020 has been reflected in these financial statements.

The board of CCC expects a constrained environment to remain in effect in the next financial year, and that operations will continue to be monitored and adjusted as necessary in response, though it is difficult to accurately determine the extent of any modifications required and the potential impact on financial results. Notwithstanding, the board anticipates that the risks of reduced revenue will be mitigated by continued government economic assistance and the potential to reduce associated outlays, and based on the current information, believes that the association will be able to meet its ongoing obligations.

Australian Government COVID-19 financial assistance

CCC is in receipt of financial support under the Australian Government's COVID-19 economic stimulus packages, including the Cash Flow Boost and JobKeeper payments scheme, administered by the Australian Taxation Office (ATO). These schemes are intended to assist eligible businesses and not-for-profit organisations significantly affected by COVID-19.

The Cash Flow Boost scheme provides for up to \$100,000 of payments delivered as credits in the ATO's activity statement system. CCC received the initial boost of \$50,000 upon lodgement of its March 2020 activity statement. An additional boost of \$50,000 is expected to be received in four instalments upon lodgement of activity statements for the June to September 2020 period. Eligibility for the boosts is on an automatic basis with lodgement of activity statements. No self-assessment was required to determine eligibility for the payments.

The JobKeeper payment scheme provides wage subsidies to eligible employers of \$1,500 per fortnight per eligible employee, to help keep Australians employed, and extends from 30 March to 27 September 2020. CCC was required to self-assess its eligibility under the ATO guidelines including (but not limited to) demonstrating a decline in revenue of 15% compared to 2019, and is required to report to the ATO monthly in order to receive the payments under the current regulations. The association has recognised JobKeeper amounts for the period March to June 2020 in these financial statements, and expects to continue to receive support through to 27 September 2020.

The Australian Government on 21 July 2020 announced proposed changes to the JobKeeper scheme to extend payments through to 28 March 2021 ('JobKeeper 2.0'). The extension will require further self-assessment prior to commencement, and a change to a reduced tiered payment system if eligible.

Entitlement to JobKeeper payments is subject to possible audit by the ATO as part of its compliance activities. Any audit may result in the requirement to repay funds.

Note 20. Events after the reporting period

Except as disclosed in Note 18 and 19, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CCC, the results of those operations, or the state of affairs of CCC in subsequent financial years.

Community Child Care Association Inc.
Declaration by members of the board
For the year ended 30 June 2020

In accordance with a resolution of the members of the board of Community Child Care Association Inc. ("CCC"), the board declares that:

In the opinion of the board:

1. The financial statements and notes, as set out on pages 1 to 15, satisfy the requirements of the Associations Incorporation Reform Act 2012 (Victoria) and the Australian Charities and Not-for-profits Commission Act 2012, including:
 - a. complying with the Australian Accounting Standards applicable to the entity and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - b. giving a true and fair view of the financial position of CCC as at 30 June 2019 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that CCC will be able to pay all of its debts as and when they become due and payable.

On behalf of the board of CCC,



Signed:

Linda Davison (Chair)



Signed:

Brian Newman (Treasurer)

Dated this30th..... day ofSeptember..... 2020

**Auditor's Independence Declaration
To the Directors of Community Child Care Association Incorporated**

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Community Child Care Association Incorporation Innovation and Business Industry Skills Council Limited and controlled entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- i. No contraventions of the auditor independence requirements of the 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit

Curtain & Co Audit Pty Ltd



Peter Gillis
Partner

Address: Level 3, 369 Royal Parade PARKVILLE VIC 3052

Dated: 30 September 2020

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE COMMUNITY CHILD CARE ASSOCIATION INCORPORATED**

Opinion

We have audited the financial report of Community Child Care Association Incorporated (the Association), which comprises the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by members of the Board.

In our opinion, the accompanying financial report of the Association is in accordance with the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the Association's financial position as at 30 June 2020 and of its financial performance and cash flows for the year then ended; and
- ii. complying with Australian Accounting Standards to the extent described in Note 1 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 Association 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 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 - Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the executive Board's reporting responsibilities under the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Emphasis of Matter - Donations

As is common for organisations of this type, it is not practicable for the association to maintain an effective system of internal control over donations and other fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to fundraising was limited to amounts recorded.

Other Matters

In March 2020, the Australian Government declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. On 02 August 2020, the Victorian Government declared a state of disaster and implemented Stage 4 lockdown restrictions. The impact on the association has been reflected in a decline in operating revenues and changes in customer demand, along with temporary modifications to activities and programming capacity. However, based on the current information, the Board believes that the association will be able to meet its ongoing obligations.

Information Other than the Financial Report and Auditor's Report Thereon

The Board are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2020, but does not include the financial report and our 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 of the financial report in accordance with Australian Accounting Standards, the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association'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 the Association or to cease operations, or has no realistic alternative but to do so.

The Board are responsible for overseeing the Association's financial reporting process.

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 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 report.

A further description of our responsibilities for the audit of the financial report is included in Appendix A of this auditor's report. This description, which is located directly after the audit report, forms part of our auditor's report.

Curtain & Co. Audit Pty Ltd



Peter Gillis
Partner

Dated: 30 September 2020

Level 3, 369 Royal Parade PARKVILLE VIC 3052

Appendix A: Auditor's Responsibilities for the Audit of the Financial Report

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.