

SunnyKids Inc

ABN: 62 774 810 987

Annual Financial Report
For the year ended
30 June 2017

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Committee's Report

SunnyKids Inc

For the year ended 30 June 2017

Committee's Report

Your committee members submit the financial report of SunnyKids Inc for the financial year ended 30 June 2017.

Committee Members

The names of committee members throughout the year were as follows:

Committee Member	Position
Karen Neuendorf	President
Chris Turner	Executive Director
Mark Aponas	Secretary
Amanda Gavin	Treasurer
Victor Woll	Acting Treasurer
Marilyn Black	Board Member
Peter Cox	Board Member
Gerard Jefferies	Board Member
Ferre De Deyne	Board Member
Brendan Mason	Board Member
Petra Ludwig	Board Member
Lisa Harrison	Board Member

Principal Activities

To work with children, families and communities to help everyone take responsibility for the future. Activities included accommodation care, family support services, and youth support services.

Significant Changes

There were no significant changes from the prior year

Operating Result

The net surplus for the financial year amounted to \$12,317 (2016 loss: \$113,515)

Committee's Report (Cont)

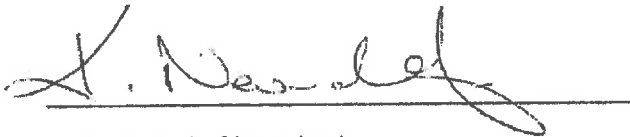
SunnyKids Inc

For the year ended 30 June 2017

Going Concern

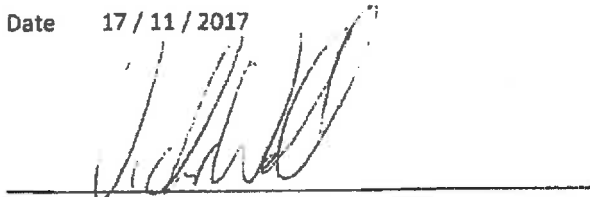
This financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the association to continue to operate as a going concern is dependent upon the ability of the association to generate sufficient cashflows from operations to meet its liabilities. The management committee of SunnyKids Inc. believe that the going concern assumption is appropriate.

Signed in accordance with a resolution of the Members of the Management Committee on:



Karen Neuendorf (President)

Date 17 / 11 / 2017



Victor Woll (Treasurer)

Date 17 / 11 / 2017

Statement of profit or loss and other comprehensive income

SunnyKids Inc

For the year ended 30 June 2017

	2017	2016
	\$	\$
INCOME		
Donations, gifts and contributions	376,497	159,661
Grants & acquittal funds	623,704	509,651
Fundraising income	401,810	333,793
Other income	112,249	58,987
Interest received	4,011	4,590
	<u>1,518,271</u>	<u>1,066,682</u>
EXPENDITURE		
Accounting fees	(14,762)	(3,824)
Administration expenses	(120,350)	(60,808)
Advertising and promotion expenses	(473,851)	(239,574)
Bank charges	(7,347)	(3,566)
Facility related expenses	(49,086)	(32,700)
Frontline expenses	(18,314)	(8,423)
Motor vehicle expenses	(31,587)	(20,082)
Other employment expenses	4,417	(156,675)
Salaries and wages	(690,915)	(568,614)
Salaries and wages – superannuation	(63,073)	(53,362)
Utilities expense	(1,849)	(5)
	<u>(1,466,717)</u>	<u>(1,147,633)</u>
Operating Surplus	<u>51,554</u>	<u>(80,951)</u>
Depreciation and amortisation expense	(31,010)	(23,873)
Interest expense	(8,227)	(8,691)
Net surplus/(loss)	<u>12,317</u>	<u>(113,515)</u>
Other comprehensive income	-	11,940
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>12,317</u>	<u>(101,575)</u>

The accompanying notes on pages 9 to 14 form part of these financial statements.

Statement of financial position

SunnyKids Inc
As at 30 June 2017

	Note	2017 \$	2016* \$
ASSETS			
Cash and cash equivalents	2	506,588	541,336
Accounts receivable and other receivables	3	20,364	10,889
Prepayments	3	8,418	8,149
Total Current Assets		535,370	560,374
Property, plant and equipment	4	490,163	518,960
Total Non-Current Assets		490,163	518,960
TOTAL ASSETS		1,025,533	1,079,334
LIABILITIES			
Accounts payable and other payables	5	76,464	56,030
Deferred grant and fundraising income	6	103,629	123,861
Borrowings	8	16,193	17,139
Employee provisions	7	85,889	138,683
Total Current Liabilities		282,175	335,713
Borrowings	8	99,226	111,806
Total Non-Current Liabilities		99,226	111,806
TOTAL LIABILITIES		381,401	447,519
NET ASSETS		644,132	631,815
MEMBERS' FUNDS			
Asset revaluation reserve		11,940	11,940
Retained surplus		632,192	619,875
TOTAL MEMBERS' FUNDS		644,132	631,815

* Balances have been restated. Refer to note 9 for further detail.

The accompanying notes on pages 9 to 14 form part of these financial statements.

Statement of changes in equity

SunnyKids Inc

For the year ended 30 June 2017

	Note	Retained Surplus \$	Asset Revaluation Reserve \$	Total Equity \$
Opening Balance 1 July 2015		733,390	-	733,390
Total comprehensive income				
Loss for the year		(113,515)	-	(113,515)
Other comprehensive income		-	11,940	11,940
		<u>(113,515)</u>	<u>11,940</u>	<u>(101,575)</u>
Balance at 30 June 2016		<u>619,875</u>	<u>11,940</u>	<u>631,815</u>
Total comprehensive income				
Profit for the year		12,317	-	12,317
Other comprehensive income		-	-	-
		<u>12,317</u>	<u>-</u>	<u>12,317</u>
Balance at 30 June 2017		<u>632,192</u>	<u>11,940</u>	<u>644,132</u>

The accompanying notes on pages 9 to 14 form part of these financial statements.

Statement of cash flows

SunnyKids Inc
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from Operating Activities			
Receipts from grants, donations and fundraising		1,528,475	1,196,914
Payments to suppliers and employees		(1,554,986)	(1,110,568)
Interest paid		(8,227)	(8,691)
Total Cash flows from Operating Activities		(34,738)	77,655
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		21,800	-
Payment for property, plant and equipment		(8,285)	(71,604)
Total Cash flows from Investing Activities		13,515	(71,604)
Cash flows from Financing Activities			
Repayment of borrowings		(13,524)	(13,758)
Total Cash flows from Financing Activities		(13,524)	(13,758)
Net increase/(decrease) in cash held		(34,747)	(7,707)
Cash Balances			
Opening cash balance		541,336	549,043
Closing cash balance	2	506,588	541,336
Movement in cash		(34,747)	(7,707)

The accompanying notes on pages 9 to 14 form part of these financial statements.

Notes of the Financial Statements

SunnyKids Inc

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act QLD 1981. The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

Income Tax

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

Property, Plant and Equipment (PPE)

Plant and equipment, leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

Depreciation is recognised on an asset class basis on either a diminishing value or straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- Buildings: 40 years
- Motor vehicles: 8 years
- Office equipment: 2-10 years

Impairment of Assets

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

Notes to the financial statements (cont.)

SunnyKids Inc

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (cont)

Employee Provisions

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

SunnyKids' liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

SunnyKids presents employee benefit obligations as current liabilities in the statement of financial position if it does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Provisions

Provisions are recognised 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. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash on Hand

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

Notes to the financial statements (cont.)

SunnyKids Inc

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (cont)

Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue. Revenue comprises from the sale of goods, government grants, fundraising activities and client contributions.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, determine once grant funding conditions have been met. Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when SunnyKids obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where SunnyKids receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Donations collected, including cash and goods for resale, are recognised as revenue when the SunnyKids gains control, economic benefits are probable and the amount of the donation can be measured reliably.

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

Notes to the financial statements (cont.)

SunnyKids Inc

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (cont)

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 assets and liabilities statement.

Accounts Payable and Other Payables

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

2. Cash on Hand

	2017	2016
	\$	\$
Cash and cash equivalents	506,338	541,186
Cash floats	250	150
Total Cash on Hand	506,588	541,336

3. Trade and Other Receivables

	2017	2016
	\$	\$
Accounts Receivable	20,364	10,889
Total Trade Receivables	20,364	10,889
Prepaid Registration & Memberships	1,886	3,368
Prepaid Insurance	6,532	4,780
Total Other Current Assets	8,418	8,148
Total Trade and Other Receivables	28,772	19,037

Notes to the financial statements (cont.)

SunnyKids Inc

For the year ended 30 June 2017

4. Property, Plant & Equipment

	2017 \$	2016 \$
Nambour property	391,450	390,000
Total Land	391,450	390,000
Plant & Equipment	10,377	15,027
Accumulated Depreciation	(5,830)	(4,563)
Total Plant and equipment	4,547	10,464
Fit Out Office & Units	63,026	63,026
Accumulated Depreciation	(31,569)	(28,924)
Total Leasehold Improvements	31,457	34,102
Furniture & Fittings	18,529	18,530
Accumulated Depreciation	(12,188)	(11,069)
Office Equipment	24,737	19,221
Accumulated Depreciation	(12,849)	(10,418)
Total Office Equipment	18,229	16,264
Motor Vehicles	171,106	181,843
Accumulated Depreciation	(126,626)	(113,713)
Total Motor Vehicles	44,480	68,130
Total Property, Plant & Equipment	490,163	518,960

5. Trade & Other Payables

	2017 \$	2016 \$
Accounts Payable	5,726	12,263
Accrued Expenses	16,774	21,059
Payroll related payables	39,358	19,222
GST Payable	14,606	3,486
Total Trade & Other Payables	76,464	56,030

6. Deferred Income

	2017 \$	2016 \$
Deferred Income Government Grants	103,629	123,861
Total Deferred Income	103,629	123,861

Notes to the financial statements (cont.)

SunnyKids Inc
For the year ended 30 June 2017

7. Employee Entitlements

	2017	2016
	\$	\$
Provision for Personal Leave	-	61,889
Provision for Long Service Leave	35,201	42,479
Provision for Annual Leave	50,688	34,315
Total Employee Entitlements	85,889	138,683

8. Borrowings

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank Loans	12,579	99,226	111,805	12,579	111,806	124,385
Credit card	3,614	-	3,614	4,560	-	4,560
Total	16,193	99,226	115,419	17,139	111,806	128,945

9. Correction of error

Deferred grant and fundraising income balances were understated by \$45,837 in 2016 which resulted in the net loss recognised being understated by this amount. The error occurred as a result of incorrect revenue recognition criteria being applied to grant funding received.

Committees' declaration

SunnyKids Inc

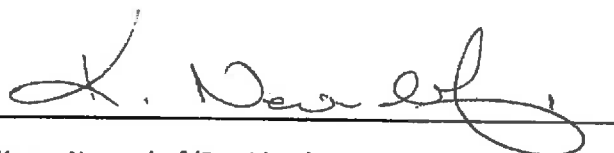
For the year ended 30 June 2017

In the opinion of the Management Committee of SunnyKids Inc. ("the Association"):

- (a) the incorporated association is not a reporting entity;
- (b) the financial statements and notes, set out on pages 5 to 14, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the financial position of the Association as at 30 June 2017 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the basis of preparation described in Note 1; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1, and the Australian Charities and Not-for-profits Commission Act 2012; and
- (c) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

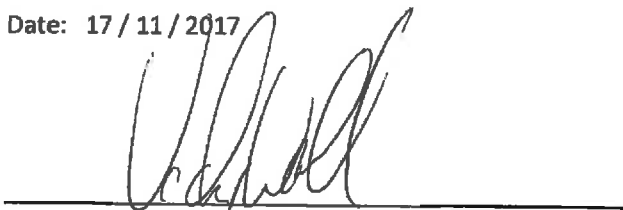
Dated at Nambour, this 17th day of November 2017.

Signed in accordance with a resolution of the management committee:



Karen Neuendorf (President)

Date: 17 / 11 / 2017



Victor Woll (Treasurer)

Date: 17 / 11 / 2017



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INDEPENDENT AUDITOR'S REPORT

To the members of SunnyKids Inc.

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of SunnyKids Inc. (the registered entity), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of SunnyKids Inc., is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2017 and of its financial performance 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 qualified opinion

Donations, gifts and contributions income, Fundraising income and Other income are a significant source of revenue for the registered entity. The registered entity has determined that it is impracticable to establish control over the collection of Donations, gifts and contributions income, Fundraising income and Other income prior to entry into its financial records. Accordingly, as the evidence available to us regarding of Donations, gifts and contributions income, Fundraising income and Other income from this source was limited, our audit procedures with respect to Donations, gifts and contributions income, Fundraising income and Other income had to be restricted to the amounts recorded in the financial records amounting to \$890,556. We therefore are unable to express an opinion whether Donations, gifts and contributions income, Fundraising income and Other income the registered entity recorded are complete.

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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and 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 qualified opinion.

Emphasis of matter - Basis of accounting

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 Registered Entity's financial reporting responsibilities under the *ACNC Act*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the SunnyKids Inc.'s annual report, 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 on the other information obtained prior to the date of this auditor's report, 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.

Other matter

The financial report of SunnyKids Inc. for the year ended 30 June 2016 was audited by another auditor who expressed a modified opinion with regard to the completeness of Client contributions, Gifts and Sponsorships, Donations and fundraising, fees and charges, and other Sundry income. The modified opinion of the financial report of SunnyKids Inc. was issued on 22 November 2016.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *ACNC Act* and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have 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 (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Swan', written over the printed name.

Bruce Swan
Director

Maroochydore, 17 November 2017