

PLAYGROUP NSW INC
A.B.N 97 616 861 198

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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PLAYGROUP NSW INC

**BOARD OF MANAGEMENT'S REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Your Board of Management (Board) members submit the financial report of Playgroup NSW Inc for the financial year ended 30 June 2020.

Board of Management

Members of the Board of Management who served during the 2019/20 financial year.

Annette Ruhotas Morgan* (Chairperson)
Tamera Lang * (Vice)
Tracey Watts* (Treasurer)
Karen Lui*
Karen Lu* (Secretary)
Siobhan King*
Janine Ferris*
Xin Yin Ooi*
Jessica Gibson (appointed 11 December)
Bettina McMahon (resigned in November)

* Board members who served throughout 2019/20.

Principal Activities

The principal activities of the Association during the financial year were the promotion of the Playgroup movement, the provision of support for members, playgroups and zones, and the delivery of a range of staffed playgroups.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The surplus for the current year was \$357,136 (2019: surplus of \$171,216).

Signed in accordance with a resolution of the members of the Board.



Annette Ruhotas Morgan
Chairperson



Tracey Watts
Treasurer

Dated this 21st day of October 2020

PLAYGROUP NSW INC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue	4	4,314,000	3,568,575
Employee Benefits Expense		(2,523,257)	(1,931,651)
Depreciation and Amortisation Expense	5	(175,765)	(134,107)
Operating Lease Expense		(89,716)	(139,561)
Program Expense		(757,711)	(805,159)
Travel Expenses		(64,787)	(75,404)
Consultancy Expense		(77,538)	(52,796)
Other Expenses		(268,090)	(258,680)
Surplus before income tax		357,136	171,216
Income tax expense		-	-
Surplus for the year		357,136	171,216
Other comprehensive income after income tax		-	-
Total comprehensive income for the year		357,136	171,216

PLAYGROUP NSW INC

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	2,159,841	1,872,702
Trade and Other Receivables	7	233,613	56,233
TOTAL CURRENT ASSETS		2,393,454	1,928,935
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	30,269	52,858
Intangible Assets	9	93,204	59,870
TOTAL NON-CURRENT ASSETS		123,473	112,728
TOTAL ASSETS		2,516,927	2,041,663
CURRENT LIABILITIES			
Trade and Other Payables	10	524,282	374,527
Income Received in Advance	11	47,000	126,375
Leave Entitlement Provisions	12	172,577	134,111
TOTAL CURRENT LIABILITIES		743,859	635,013
NON-CURRENT LIABILITIES			
Leave Entitlement Provisions	12	51,899	42,617
TOTAL NON-CURRENT LIABILITIES		51,899	42,617
TOTAL LIABILITIES		795,758	677,630
NET ASSETS		1,721,169	1,364,033
FUNDS			
Accumulated Funds		1,721,169	1,364,033
TOTAL FUNDS		1,721,169	1,364,033

PLAYGROUP NSW INC

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated Funds \$	Total \$
Balance at 30 June 2018	1,192,817	1,192,817
Surplus for the year	171,216	171,216
Other comprehensive income	-	-
Total comprehensive income for the year	171,216	171,216
Balance at 30 June 2019	1,364,033	1,364,033
Surplus for the year	357,136	357,136
Other comprehensive income	-	-
Total comprehensive income for the year	357,136	357,136
Balance at 30 June 2020	1,721,169	1,721,169

PLAYGROUP NSW INC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,454,572	3,906,448
Payments to suppliers and employees		(4,094,805)	(3,479,119)
Interest received		36,852	42,691
Net cash provided by operating activities		396,619	470,020
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,813)	(47,837)
Net cash used by investing activities		(17,813)	(47,837)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of leasing liabilities		(85,439)	-
Interest paid on leasing liabilities		(6,228)	-
		(91,667)	-
Net increase/(decrease) in cash held		287,139	422,183
Cash and cash equivalents at beginning of financial year		1,872,702	1,450,519
Cash and cash equivalents at end of financial year	6	2,159,841	1,872,702

PLAYGROUP NSW INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: REPORTING ENTITY

This financial report is for Playgroup NSW Inc (the Association) as an individual entity domiciled in Australia. The Association is incorporated in New South Wales under the *Associations Incorporation Act 2009* and registered with the *Australian Charities and Not-for-profits Commission*.

NOTE 2: BASIS OF PREPARATION

Statement of Compliance

The Association adopted Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirement*.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Basis of Measurement

The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs.

Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Association has retrospectively applied an accounting policy, made a retrospective restatement and reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

a. Income Tax

Playgroup NSW Inc. is exempt from income tax under section 50-10 of the Income Tax Assessment Act 1997. Accordingly, no provision for income tax has been made in the financial statements.

PLAYGROUP NSW INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Property, Plant and Equipment (PPE) & Intangible Assets

Each class of plant and equipment and intangible assets are carried at cost as indicated less, where applicable, any accumulated depreciation, accumulated amortisation and impairment losses.

The carrying amount of plant and equipment and intangible assets is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant, equipment and intangible assets is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

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

Class of Property, Plant, Equipment & Intangible Assets	Depreciation Rate
Furniture & Fittings	25%
Plant & Equipment	25% -100%
Computer Equipment	33%
Motor Vehicles	20% - 25%
Intangible Assets	25%

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

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.

PLAYGROUP NSW INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Leases

Contracts are deemed to be or contain a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is applied to all leases, where the Corporation recognises the liability for future lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are recognised at the commencement date of the lease and measured at cost, less any accumulated amortisation, and adjusted for any remeasurement of lease liabilities. The cost of right of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the lease term.

Lease liabilities are recognised at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

The Association's incremental borrowing rate at the lease commencement date is used to calculate the present value of lease payments. After the commencement date, the amount of lease liabilities is reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification to the lease term or a change in the lease payments.

d. Impairment of Assets

At the end of each reporting period, the Board reviews the carrying values of its tangible and intangible 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.

When it is not possible to estimate the recoverable amount of the individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. In determining the liability, consideration is given to the probability that the employee may not satisfy vesting requirements.

f. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

PLAYGROUP NSW INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Revenue and Other Income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue from grants and funding are recorded on an accruals basis. Any amounts received in advance at year end are shown as Income in Advance.

Membership revenue is recorded on receipt of member payment.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

h. 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. 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.

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

i. Trade and Other Payables

Trade 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, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. Critical accounting estimates and judgements

The Board of Management evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key estimates

Impairment - general

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

PLAYGROUP NSW INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

k. New and revised standards that are effective for these financial statements

The Association has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Association include:

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

AASB 15: Revenue from Contracts with Customers

The core principle underlying the new model is that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. The amount recognised should reflect the amount to which the entity expects to be entitled in exchange for those goods and services. AASB 15 adopts a five-step model to determine the revenue to be recognised:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract(s)
3. Determine the transaction price
4. Allocate the transaction price to those performance obligations
5. Recognise revenue when (or as) performance obligations are satisfied

The income streams that are impacted by AASB 15 are grants from Government, advertising, sponsorship fees, and fee for services. The impact of AASB 15 is presently not material.

AASB 1058: Income of Not-for-Profit Entities

AASB 1058 applies to transactions of not-for-profit entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives.

The income streams that are impacted by AASB 1058 are fundraising and the subsidies from the Government. The impact of AASB 1058 is presently not material.

PLAYGROUP NSW INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

k. **New and revised standards that are effective for these financial statements (continued)**

AASB 16: Leases

Under AASB 117, the Association assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Association or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets.

The weighted averaged incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.5%

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right of use assets, increased by \$181,019
- Lease liabilities increased by \$181,019

Impact on the profit and loss for the year 2020:

- Increase in amortisation cost \$90,509
- Increase in interest expense \$6,227
- Decrease in rent expenses \$91,667
- A net impact to reduce surplus by in the profit and loss \$5,069

Impact on the cash flow statement for the year 2020:

- Increase in net cash flows provided by operating activities \$91,667
- Decrease in net cash flow used in financing activities \$91,667

l. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been early adopted by the Association.

The Board of Management's assessment of the impact of these new standards (to the extent applicable to the Association) is that none are expected to significantly impact the Association's financial statements in future reporting periods.

NOTE 4: REVENUE

	2020	2019
	\$	\$
Grant Revenue	3,803,066	3,322,521
Membership Revenue	4,318	6,818
Other Revenue	469,764	196,546
Interest Received	36,852	42,690
	4,314,000	3,568,575

PLAYGROUP NSW INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5: EXPENSES

	2020	2019
	\$	\$
Depreciation and amortisation		
Equipment and furniture	29,632	18,982
Motor Vehicles	2,996	747
Software	52,628	114,378
Right of use Assets - Leases	90,509	0
Total depreciation and amortisation expenses	<u>175,765</u>	<u>134,107</u>

NOTE 6: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash on Hand and at Bank	117,980	494,320
Cash on Deposit	2,041,861	1,378,382
	<u>2,159,841</u>	<u>1,872,702</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Trade and Other Receivables	29,540	12,703
Prepayments	23,721	4,680
Accrued Income	122,443	18,806
Rent Deposits	57,909	20,044
	<u>233,613</u>	<u>56,233</u>

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2020	2019
	\$	\$
Furniture & fittings	8,965	8,965
Provision for depreciation	(8,965)	(8,965)
	<u>-</u>	<u>-</u>
Office Equipment	24,143	24,760
Provision for depreciation	(24,143)	(24,527)
	<u>-</u>	<u>233</u>
Motor Vehicles	29,952	35,953
Provision for depreciation	(3,742)	(747)
	<u>26,210</u>	<u>35,206</u>
Computer Equipment	80,574	64,380
Provision for depreciation	(76,515)	(46,961)
	<u>4,059</u>	<u>17,419</u>
	<u>30,269</u>	<u>52,858</u>

PLAYGROUP NSW INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Reconciliations

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

	Furniture & Fittings	Office Equipment	Motor Vehicles	Computer Equipment	Total
Balance at 1 July 2018	-	3,210	8,000	20,480	31,690
Additions	-	-	29,953	13,536	43,489
Disposal of assets	-	-	(2,000)	(592)	(2,592)
Depreciation expense	-	(2,977)	(747)	(16,005)	(19,729)
Balance at 30 June 2019	-	233	35,206	17,419	52,858
Additions	-	-	-	16,194	16,194
Disposal of assets	-	(155)	(6,000)	-	(6,155)
Depreciation expense	-	(78)	(2,996)	(29,554)	(32,628)
Balance at 30 June 2020	-	0	26,210	4,059	30,269

NOTE 9: INTANGIBLE ASSETS

	2020	2019
	\$	\$
Technology Project	443,608	467,902
Provision for Amortisation	(440,914)	(408,032)
	2,694	59,870
Right of use Assets Leases	181,019	-
Provision for Amortisation	(90,509)	-
	90,510	-
	93,204	59,870

Reconciliations

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

	Technology Project	Right of Use Assets Leases	Total
Balance at 1 July 2018	174,248	-	174,248
Amortisation expense	(114,378)	-	(114,378)
Balance at 30 June 2019	59,870	-	59,870
Additions	-	181,019	181,019
Disposals	(4,548)	-	(4,548)
Amortisation expense	(52,628)	(90,509)	(143,137)
Balance at 30 June 2020	2,694	90,510	93,204

PLAYGROUP NSW INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade Payables	155,294	110,428
Lease Liabilities	95,580	-
Other Payables	273,408	264,099
	<u>524,282</u>	<u>374,527</u>

NOTE 11: INCOME RECEIVED IN ADVANCE

	2020	2019
	\$	\$
Grants and other income received in advance	47,000	126,375
	<u>47,000</u>	<u>126,375</u>

NOTE 12: LEAVE ENTITLEMENT PROVISIONS

	2020	2019
	\$	\$
CURRENT		
Provision for annual leave	126,704	87,876
Provision for long service leave	45,873	46,235
	<u>172,577</u>	<u>134,111</u>
NON-CURRENT		
Provision for long service leave	51,899	42,617
	<u>51,899</u>	<u>42,617</u>

NOTE 13: KEY MANAGEMENT PERSONNEL COMPENSATION

	2020	2019
	\$	\$
The total remuneration paid to key management personnel during the year was:	<u>330,956</u>	<u>285,410</u>

No Board members were remunerated for their services this financial year (2019: nil).

PLAYGROUP NSW INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of the COVID-19 virus, and Government actions to reduce the spread of the virus.

At the date of signing the financial statements the Directors are unable to determine what financial effects the outbreak of the virus could have on the association in the coming financial period.

The Directors acknowledge their responsibility to continuously monitor the situation and evaluate this impact.

NOTE 15: RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended 30 June 2020.

NOTE 16: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities nor contingent assets for the year ended 30 June 2020

NOTE 17: ECONOMIC DEPENDENCY

The Association considers that it is economically dependent on revenue received from various Government Departments with respect to its programs. The Directors believe that this revenue will continue to be made available to the Association for the foreseeable future.

PLAYGROUP NSW INC
A.B.N. 97 616 861 198

RESPONSIBLE PERSONS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2020

The responsible persons declare that in the responsible persons' opinion;

1. there are reasonable grounds to believe that the Association is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 2009*.
3. the financial statements comply with Australian Accounting Standards, including reduced disclosure requirements as specified by *AASB 1053*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Annette Ruhotas Morgan
Chairperson



Tracey Watts
Treasurer

Dated this 21st day of October 2020