

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Financial Statements

For the Period Ended 30 June 2020

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Contents

For the Period Ended 30 June 2020

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Responsible Persons' Declaration	25
Independent Audit Report	26

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

The directors present their report on Australian Research Alliance for Children & Youth Limited for the financial period ended 30 June 2020.

General information

Directors

The names of the directors in office at any time during, or since the end of, the period are:

Names

Ms Elaine Henry OAM (Retired November 2019)

Professor Gervase Chaney

Mr Tim Goodwin

Dr Norman Swan

Professor Stephen Zubrick

Professor Ngiare Brown

Professor Kristy Muir

Review of operations

The (deficit) of the Company after providing for income tax amounted to \$ (68,048) (Year ended 30 June 2019: Deficit of \$55,998).

No significant change in the nature of these activities occurred during the period

Principal activity

The Australian Research Alliance for Children & Youth Limited (ARACY) is a company limited by guarantee.

ARACY was established for the charitable purpose of facilitating, co-ordinating and supporting the development of knowledge through research and advocacy for the implementation of evidence-based policies within Australia in order to improve the wellbeing and life chances of Australia's children and young people. ARACY does this through a national action agenda and measurement framework, *The Nest*.

Objectives

- To identify, build and share evidence to ensure investment, policy, and the way services are provided to children and young people in Australia are as effective as possible.
- To build organisational resilience and sustainability through continued financial management and corporate services reforms, strategic business planning and alliance and partnership building.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

General information (continued)

Strategy for achieving the objectives

ARACY believes this can be achieved by:

- Working with others to advocate for system-wide, evidence-based improvements.
- Valuing children and young people, ensuring their perspectives and needs are considered.
- Finding evidence about 'what works' for children and young people and broadcasting it in ways that make this information useful to everyone; parents, professionals, professors.
- Supporting and undertaking projects, evaluations and partnerships that are effective and drive new ways of doing things.
- Converting evidence into outcomes by ensuring it informs policy, service delivery and investment decisions designed to help children and young people.

Significant Events after the reporting date

Change to membership: At its meeting on Friday 8 May, the ARACY Board decided to end financial membership and move to a free, more inclusive membership model from mid-February 2021. From 15 February 2021, all current financial members will automatically become non-financial ARACY members (ARACY Members) with an opt-out available at that time. Details of benefits for ARACY Members as of 15 February 2021 will be advised closer to that date. This decision has been communicated to Members and has been well-received.

Likely Developments and Expected Results

During the 2020-21 Financial Year, ARACY proposes to undertake a range of activities including to:

- Maintain Government Relations activities. Continue to build relationships with legislators and policy makers to influence national policy and also to secure government funding for projects and operational needs. This is particularly pertinent given the impacts COVID-19 is having upon families in the health, social and economic spheres, and the need for all levels of Government (and other funders) to respond using the best evidence available.
- Continue to build and participate in strategic collaborations to, for example, disseminate evidence about the impact COVID-19 is having upon children and young people in Australia, help mount the case for universal and free early childhood education and care for children beginning at age three, and to establish of a Brain Builders Alliance to bring together and localise international research and program design to help families and young people develop better executive function and other skills. This general approach to collaboration may also assist in diversifying ARACY's revenue base.
- Refresh ARACY's core guiding evidence base and framework The Nest, as a way of further contemporising this still relevant and significant piece of work, and recommunicating it to stakeholders as a way of seeing it (and associated programs such as The Common Approach) more widely used in developing and delivering programs and policy for children and young people.

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

Information on directors

Ms Elaine Henry OAM
(Retired November 2019)

Qualifications

BSc (Hons 1) DLitt (h.c.)

Experience

Elaine Henry has been the Chair of ARACY since 2011, having served on the Board since its inception in 2001. Elaine also Chairs the National Breast Cancer Foundation and is a member of a number of boards and committees such as the Australian Government Financial Literacy Board, Financial Literacy Australia, the Early Start Advisory Committee of the University of Wollongong, the Vice-Chancellor's Industry Advisory Board of the University of Technology Sydney, and the Advisory Board of the Centre for Social Impact. Elaine was awarded first-class honours in Science at Oxford Brookes University in the UK. On returning to Australia, Elaine became the Executive Director of the Cancer Council (NSW) from 1985-1997 and she was awarded a Medal in the Order of Australia (OAM) for her work in cancer control in 1994. She was also recognised with an honorary Doctorate of Letters from UNSW in 2006. In 1998, as CEO of The Smith Family, she led a comprehensive transformation of the organisation focusing it on the power of education to change the lives of disadvantaged children, families and communities across Australia. As part of a social movement, she was a founding member of Social Ventures Australia, inaugural chair of Nonprofit Australia Ltd and Director of the Australian Social Innovation Exchange. Throughout her career, Elaine has served on a wealth of committees and boards at the state, national and international levels, including as chair of the Australian Government's Stronger Families and Communities Partnership, which had a major role in the development of the Communities for Children initiative, and as a member of the former Prime Minister's Community Business Partnership. Elaine's leadership skills have been recognised by many awards including the Lifetime Achievement Award from Research Australia in 2008. She is a Member of the Australian Institute of Company Directors and Chief Executive Women.

Mr Tim Goodwin

Qualifications

LL.M BA and Law (Hons)

Experience

Tim Goodwin is a member of the Yuin nation, an Aboriginal nation that occupies the southeast coast of NSW. Tim is currently a barrister in Melbourne. He graduated with bachelor's degrees in Arts and Law (with Honours) from the Australian National University in 2007 and with a Master of Laws from Harvard Law School in 2012. Tim was the Associate to The Hon Justice AM North of the Federal Court of Australia from 2008 to 2009 and to the Hon Justice M Bromberg of the Federal Court of Australia from 2009 to 2010. From 2008 to 2010, he was a member of the Steering Committee for the establishment of a National Indigenous Representative Body. This work resulted in the creation of the National Congress of Australia's First Peoples. Tim is currently a trustee of the Sharing Stories Foundation, and a Board Member of the Victorian Equal Opportunity and Human Rights Commission and Human Rights Law Centre.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

Information on directors (continued)

Dr Norman Swan

Qualifications

MBChB FRCP MD (Hons) Causa DCH

Experience

Host of the Health Report, on the Australian Broadcasting Corporation's Radio National, and Tonic on ABC News24, Dr Norman Swan was one of the first medically qualified journalists in Australia. He was born in Scotland, graduated in medicine from the University of Aberdeen and later obtained his postgraduate qualifications in paediatrics. Norman also edits his own newsletter, The Choice Health Reader, which is published in partnership with CHOICE, Australia's leading consumer advocacy organisation. On television, Dr Swan has hosted ABC Television's science program, Quantum, and been a guest reporter on Catalyst and Four Corners. He hosted Health Dimensions on ABC Television, and created, wrote and narrated a four-part series on disease and civilisation, "Invisible Enemies", made for Channel 4 (UK) and SBS Television. He also co-wrote and narrated "The Opposite Sex", a four-part series for ABC Television. Norman Swan has been the Australian correspondent for the Journal of the American Medical Association and the British Medical Journal and has consulted for the World Health Organization in Geneva. He is also co-founder of Tonic Health Media, a company which focuses on communicating to patients and accompanying persons at the point of care promoting evidence-based care.

Professor Gervase Chaney

Qualifications

MBBS FRACP FAIM

Experience

Gervase Chaney is the Dean of the School of Medicine Fremantle, University Notre Dame Australia and a general paediatrician at Perth Children's Hospital. He was previously the Executive Director of Perth Children's Hospital (responsible for commissioning) in the Child and Adolescent Health Service (CAHS) in Western Australia from 2016 – 2017. He was Executive Director of Princess Margaret Hospital (PMH) in CAHS from 2015 – 2016; Chairman of the PMH Paediatric Medicine Clinical Care Unit 2011 - 2014; and Co-Lead of the Child and Youth Health Network for WA Health from 2005 – 2010. He is Secretary of the Academy of Child and Adolescent Health (ACAH), is on the Stan Perron Charitable Foundation Board and was previously on the Board of Kidsafe WA from 2004 – 2015. He is a past President of the Paediatrics and Child Health Division of the Royal Australasian College of Physicians (RACP) 2010 – 2012 and was on the Board of the RACP from 2008 - 2012. He has been on the Board of ARACY since 2013.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

Information on directors (continued)

Professor Stephen Zubrick

Qualifications

MSc MA PhD FASSA FAAMHS

Experience

Stephen Zubrick currently holds a professorial appointment in the Centre for Child Health Research at the University of Western Australia and is also a Senior Principal Research Fellow at the Telethon Kids Institute where he is Head of the Brain and Behaviour Research Focus Area. From 2002 to 2018 he Chaired the Consortium Advisory Group for the National Longitudinal Study of Australian Children. He is currently a Member of the Steering Committee for the Longitudinal Study of Indigenous Children. In 2014 he was appointed Deputy Director of the Australian Research Council Centre of Excellence for Children and Families Across the Lifecourse. In 2010 he received a Western Australian Citizen of the Year Award for lifetime contributions to children and young people. Stephen holds several national and international competitive research grants and his research interests include the study of the social determinants of health and mental health in children, studies of the genetic and environmental determinants of language development, and large scale psychosocial survey work in non-Indigenous and Indigenous populations. Over the past 20 years he has been instrumental in designing and implementing the leading Australian studies (national and state) of child and adolescent mental health.

Professor Ngiare Brown

Experience

Ngiare is a Yuin nation woman from the south coast of NSW. She is a senior Aboriginal medical practitioner with qualifications in medicine, public health and primary care, and has studied bioethics, medical law and human rights. She was the first identified Aboriginal medical graduate from NSW and is one of the first Aboriginal doctors in Australia. Over the past two decades she has developed extensive national and international networks in Indigenous health and social justice, including engagement with the UN system. Ngiare is a founding member and Foundation CEO of the Australian Indigenous Doctors' Association (AIDA); is a founding member of the Pacific Region Indigenous Doctors' Congress (PRIDoC); and is Chair of the Health, Rights and Sovereignty committee of PRIDoC. Professor Brown is undertaking doctoral research in law, addressing Aboriginal child protection systems and practice, and has made extensive contributions to Aboriginal and Torres Strait Islander health, research process, bioethics, policy, translation and practice. Ngiare currently runs a small not-for-profit dedicated to Aboriginal child and adolescent wellbeing, supporting communities to develop child-centric, strength based, trauma informed initiatives, reclaim positive cultural practices, and breaking the intergenerational cycles of disparity.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

Information on directors (continued)

Professor Kristy Muir

Qualifications

PhD

Experience

Professor Kristy Muir is the CEO of the Centre for Social Impact (CSI) and a Professor of Social Policy at UNSW Sydney Business School. She is an elected member of UNSW Sydney's Council, Chair of Allan & Gill Gray Philanthropy Australasia, a Director of ARACY, and member of the NSW Premier's Council on Homelessness. Kristy has worked for almost three decades with for-purpose organisations. She is driven to help understand and find solutions to complex social problems and measure whether and where they are making a difference. She has partnered with dozens of not-for-profit, corporate and philanthropic organisations, and government departments on more than 70 projects to help increase social impact. Her research and capacity building projects have attracted almost \$16m. She teaches non-executive directors, facilitates strategic workshops, gives invited keynotes and has published widely in academic journals and popular media. Kristy was formerly CSI's Research Director, the Associate Dean (Research) for the Faculty of Arts and Social Sciences and the Director of the Disability Studies and Research Centre at UNSW Sydney. She has a PhD in social history, is a graduate of the AICD and previously worked in the not-for-profit sector.

Meetings of directors

During the financial period, 6 meetings of directors was held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ms Elaine Henry OAM (Retired November 2019)	2	2
Mr Tim Goodwin	6	5
Dr Norman Swan	6	4
Professor Gervase Chaney	6	6
Professor Stephen Zubrick	6	6
Professor Ngiare Brown	6	4
Professor Kristy Muir	6	6

Liability of members and dividends

ARACY is a company limited by guarantee and the liability of members is limited to an amount not exceeding \$1. Accordingly, no dividends were paid or options over shares granted.

Remuneration Report

The Directors do not receive any remuneration or other benefits as the positions are honorary in nature.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2020

Indemnification and insurance of directors and officers

Premiums have been paid for an Associations Liability Insurance policy, which includes cover for Professional Indemnity Insurance, Directors and Officers Insurance and Employment Practices cover.

No person has applied for leave of Court to bring proceedings on behalf of ARACY or intervene in any proceedings to which ARACY is a party for the purpose of taking responsibility on behalf of the entity for all or part of those proceedings.

ARACY was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 30 June 2020 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:



Director:



Dated 11 September 2020

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of Australian Research Alliance for Children & Youth Limited

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 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.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

11 Sept 2020

Canberra

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 30 June 2020

		For the year ended 30 June 2020	For 6 months ended 30 June 2019
	Note	\$	\$
Revenue			
Revenue from contracts with customers	3	2,333,806	1,488,520
Interest Revenue		13,190	17,493
Other income		152,500	-
Total revenue		2,499,496	1,506,013
Expenses			
Communications expense		(26,353)	(26,477)
Conference and events expense		(162,274)	(873)
Depreciation and amortisation expense		(133,549)	(63,064)
Employee benefit expenses		(1,041,327)	(481,011)
General expense		(9,400)	(11,164)
Information technology expenses		(54,060)	(29,200)
Insurance expense		(11,912)	(7,166)
Premises expenses		(29,790)	(14,207)
Professional fees expenses		(173,482)	(320,969)
Research partners expense		(886,833)	(580,917)
Travel expense		(38,564)	(26,963)
Total expenses		(2,567,544)	(1,562,011)
(Deficit) from continuing operations		(68,048)	(55,998)
Income tax expense	2(e)	-	-
(Deficit) for the year		(68,048)	(55,998)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(68,048)	(55,998)

The accompanying notes form part of these financial statements.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Financial Position

As At 30 June 2020

		30 June 2020 \$	30 June 2019 \$
Note			
ASSETS			
CURRENT ASSETS			
	Cash and cash equivalents	4 1,406,797	816,959
	Trade and other receivables	5 19,804	67,405
	Other financial assets	6 311,238	611,238
	Other assets	7 77,398	57,380
	TOTAL CURRENT ASSETS	1,815,237	1,552,982
NON-CURRENT ASSETS			
	Plant and equipment	8 6,478	14,717
	Right to use assets	9 116,621	241,532
	TOTAL NON-CURRENT ASSETS	123,099	256,249
	TOTAL ASSETS	1,938,336	1,809,231
LIABILITIES			
CURRENT LIABILITIES			
	Trade and other payables	10 439,657	139,994
	Employee benefits liabilities	13 49,031	42,088
	Contract Liabilities	11 617,711	581,699
	Lease liability	12 111,861	149,108
	TOTAL CURRENT LIABILITIES	1,218,260	912,889
NON-CURRENT LIABILITIES			
	Employee benefits liabilities	13 12,678	6,190
	Lease liability	12 31,496	146,202
	TOTAL NON-CURRENT LIABILITIES	44,174	152,392
	TOTAL LIABILITIES	1,262,434	1,065,281
	NET ASSETS	675,902	743,950
EQUITY			
	Retained Earnings	675,902	743,950
	TOTAL EQUITY	675,902	743,950

The accompanying notes form part of these financial statements.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Changes in Equity For the Period Ended 30 June 2020

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2019	743,950	743,950
(Deficit) for the year	(68,048)	(68,048)
Balance at 31 December 2019	675,902	675,902

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2019	818,174	818,174
Restatement due to AASB 16	(18,226)	(18,226)
Balance at 1 January 2019	799,948	799,948
(Deficit) for the year	(55,998)	(55,998)
Balance at 30 June 2019	743,950	743,950

The accompanying notes form part of these financial statements.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Cash Flows For the Period Ended 30 June 2020

	30 June 2020	30 June 2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,891,065	1,946,267
Payments to suppliers and employees	(2,456,123)	(2,188,998)
Interest received	17,532	17,364
Net cash provided by/(used in) operating activities	<u>452,474</u>	<u>(225,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	8, (a) (399)	(2,261)
Proceeds from maturity of investments	300,000	(575,289)
Net cash provided by/(used in) investing activities	<u>299,601</u>	<u>(577,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(162,237)	(74,701)
Net cash (used in) financing activities	<u>(162,237)</u>	<u>(74,701)</u>
Net increase/(decrease) in cash and cash equivalents held	589,838	(877,618)
Cash and cash equivalents at beginning of year	816,959	1,694,577
Cash and cash equivalents at end of the period	4 <u>1,406,797</u>	<u>816,959</u>

The accompanying notes form part of these financial statements.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements

For the Period Ended 30 June 2020

The financial report covers Australian Research Alliance for Children & Youth Limited as an individual entity. Australian Research Alliance for Children & Youth Limited is a not-for-profit Company, registered and domiciled in Australia.

In 2019, the company has changed its accounting period from December year-end to June year-end. Previously the company had prepared financial statements for the financial period from 1 January 2019 to 30 June 2019. Hence the current period numbers are for the 12 months ended 30 June 2020 & comparatives for the 6 months ended 30 June 2019.

The functional and presentation currency of Australian Research Alliance for Children & Youth Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Grants

Grant revenue is generated from both government and private agreements for the delivery of specific projects. Performance obligations are identified within individual contracts which then drive the basis for revenue recognition (i.e. either 'over time' or 'point in time'). When the performance obligation/s identified within the contract is/are satisfied revenue is recognised. Payments are generally received in line with payment or milestone schedules on a 30-day term, upon presentation of an invoice. Payments are normally receipted in advance of meeting performance obligations, therefore, revenue is initially deferred as a contract liability.

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements. There may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit

Membership Subscriptions

Membership subscriptions revenue is generated from ARACY's membership platform. Because membership subscriptions are non-refundable, the performance obligation is satisfied and revenue recognised upon receipt in bank of the membership subscriptions.

Training

Training revenue is generated from the rendering of training services. Payments are normally receipted in advance of providing the services, therefore revenue is initially deferred as a contract liability. The performance obligation is satisfied and revenue recognised when the services are provided.

Conferences and events

Conference and event revenue is generated from the rendering of conference or event services. Payments are normally receipted in advance of providing the services, therefore revenue is initially deferred as a contract liability. The performance obligation is satisfied and revenue recognised when the services are provided.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(c) Trade and other receivables

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(d) Term Deposits

Term deposits in the statement of financial position comprise term deposits with an original maturity of more than three months, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Income Tax

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

(f) Goods and services tax (GST)

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

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

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

(g) Plant and equipment

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

Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	20% -33%

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(g) Plant and equipment (continued)

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

(h) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

Provision is made for the Company'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

(j) Leases

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

amortised cost

fair value through profit or loss - FVTPL

fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

the business model is to hold assets to collect contractual cash flows; and

the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income - equity instruments

The Company has no investments in listed or unlisted entities.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

The Company has no investment that fall under this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(k) Financial Instruments (continued)

Financial assets (continued)

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

3 Revenue from contracts with customers

	For the year ended 30 June 2020	For 6 months ended 30 June 2019
	\$	\$
- Grants	1,699,408	1,062,419
- Member subscriptions	64,770	73,250
- Training	169,398	351,901
- Conferences and events	400,230	950
Total Revenue	2,333,806	1,488,520

4 Cash and Cash Equivalents

	30 June 2020	30 June 2019
	\$	\$
Cash at bank and in hand	1,406,797	166,959
Short-term deposits	-	650,000
	1,406,797	816,959

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the entity, and earn interest at the respective short-term deposit rates.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements

For the Period Ended 30 June 2020

5 Trade and Other Receivables

	30 June 2020 \$	30 June 2019 \$
CURRENT		
Trade receivables	19,763	219
GST receivable	-	67,186
Other receivables	41	-
	<u>19,804</u>	<u>67,405</u>

6 Other Financial Assets

	30 June 2020 \$	30 June 2019 \$
CURRENT		
Term deposits	311,238	611,238
Total	<u>311,238</u>	<u>611,238</u>

7 Other Assets

	30 June 2020 \$	30 June 2019 \$
CURRENT		
Prepayments	34,224	31,964
Accrued income	43,174	25,416
	<u>77,398</u>	<u>57,380</u>

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements

For the Period Ended 30 June 2020

8 Plant and equipment

	30 June 2020 \$	30 June 2019 \$
Plant and equipment		
At cost	39,267	38,868
Accumulated depreciation	(32,789)	(24,151)
Total plant and equipment	6,478	14,717

(a) Movements in Carrying Amounts

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

	Plant and Equipment \$	Total \$
Period ended 30 June 2020		
Balance at the beginning of year	14,717	14,717
Additions	399	399
Depreciation expenses	(8,638)	(8,638)
Balance at the end of the period	6,478	6,478

9 Right to use assets

	Buildings \$	Printer \$	Total \$
Period ended 30 June 2020			
Balance at beginning of year	190,633	50,899	241,532
Depreciation charge	(114,380)	(10,531)	(124,911)
Balance at end of period	76,253	40,368	116,621

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements

For the Period Ended 30 June 2020

10 Trade and Other Payables

	30 June 2020 \$	30 June 2019 \$
Current		
Trade payables	71,979	75,842
GST payable	19,443	-
Accrued expense	317,819	40,833
PAYG tax payable	16,628	14,738
FBT payable	3,876	2,502
Other payables	9,912	6,079
	439,657	139,994

Trade and other payables are non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11 Contract Liabilities

	30 June 2020 \$	30 June 2019 \$
CURRENT		
Amounts received in advance	617,711	581,699
Total	617,711	581,699

12 Lease liability

	30 June 2020 \$	30 June 2019 \$
CURRENT		
Lease liability - Current portion	111,861	149,108
	111,861	149,108

	30 June 2020 \$	30 June 2019 \$
NON-CURRENT		
Lease liability - Non-current portion	31,496	146,202
	31,496	146,202

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements For the Period Ended 30 June 2020

13 Employee Benefits

	30 June 2020 \$	30 June 2019 \$
Current liabilities		
Provision for annual leave	49,031	42,088
	<u>49,031</u>	<u>42,088</u>
Non-current liabilities		
Long service leave	12,678	6,190
	<u>12,678</u>	<u>6,190</u>

14 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company.

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Australian Research Alliance for Children & Youth Limited during the period are as follows:

The total remuneration paid to key management personnel of the Company is \$ 398,552 (6 months ended 30 June 2019: \$ 248,534).

16 Contingencies

The Company did not have any contingencies at 30 June 2020 (30 June 2019 :None).

17 Events after the end of the Reporting Period

The financial report was authorised for issue on by .

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements

For the Period Ended 30 June 2020

18 Statutory Information

The registered office and principal place of business of the company is:

Australian Research Alliance for Children & Youth Limited
Level 3, 60 Marcus Clarke Street
Canberra ACT 2601

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Responsible Persons' Declaration

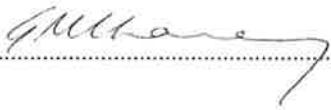
The responsible persons declare that in the responsible persons' opinion:

there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person



Responsible person



Dated 11 September 2020

Australian Research Alliance for Children & Youth Limited

Independent Audit Report to the members of Australian Research Alliance for Children & Youth Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Research Alliance for Children & Youth Limited, which comprises the statement of financial position as at 30 June 2020, 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 statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of Australian Research Alliance for Children & Youth Limited has been prepared 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 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 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 opinion.

Responsibilities of Responsible Persons for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Australian Research Alliance for Children & Youth Limited

Independent Audit Report to the members of Australian Research Alliance for Children & Youth Limited

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.

As part of an audit in accordance with the 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible persons' 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 Registered Entity'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 Registered Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

11/09/2020