SHINE FOR KIDS
Formerly known as
SHINE for Kids Cooperative Limited
ABN 60 662 072 775

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

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DIRECTORS' REPORT

The board of directors submit the financial report of the SHINE for Kids (the Company) for the financial year ended 30 June 2020.

Directors

The names of the directors throughout the year and at the date of this report are:

Peter Ricketts (Chair, Treasurer)

Leisl Baumgartner (Secretary)

Sue Woodward

Susan Helyar

Stanley Johnson (resigned 27 May 2020)

Martin Irwin

Simon McSweeney

Shane Hamilton

Information on directors

Peter Ricketts

Qualifications	Chair of the Board from 1 July 2020, Treasurer FAICD, FGIA, FCGCCS,CGP, CAANZ, CFTP (Snr), MBA, B. Com
Experience	Director since 19 October 2016

Sue Woodward

Qualifications	Chair of the Board from 15 November 2017 to 30 June 2020, previously Deputy Chair of the Board, BA Communications, MA Marketing, GAICD
Experience	Director since 16 April 2013

Stanley Johnson

Experience	Director since 15 February 2017, Resigned 27 May 2020)

Susan Helyar

Qualifications	BA Social Work and Social Policy, GAICD
Experience	Director since 17 May 2017

Leisl Baumgartner

Qualifications	BA (Communications), B. Ec, M International Studies
Experience	Director since 18 October 2017

Martin Irwin

Qualifications	BA/LLB (Hons)
Experience	Director since 22 August 2018

Simon McSweeney

Qualifications	B. Com / LLB, LLM
Experience	Director since 22 August 2018

Shane Hamilton

Qualifications	Graduate Certificate Indigenous Sector Management, Certificate III Corrections
Experience	Director since 26 September 2018

During the financial year, 9 meetings of directors were held. Attendances by each director were as follows:

	Directors' meetings	
	Number eligible to attend	Number attended
Susan Helyar	9	6
Stanley Johnson	8	3
Peter Ricketts	9	7
Sue Woodward	9	9
Leisl Bumgartner	9	6
Martin Irwin	9	6
Simon McSweeney	9	8
Shane Hamilton	9	6

Principal activities

The principal activities of the company during the financial year were to provide a range of tailored programs across NSW, VIC, ACT and QLD to support the unique needs of children with parents impacted by the criminal justice system.

Significant changes

During the period the operations of the Company transitioned to a company incorporated under the Corporations Act 2001.

Operating result

The net operating result for the year amounted to a surplus of $382,435: (2019: Surplus of $163,447).

Events subsequent to balance date

There were no subsequent events that occurred after balance date that would require disclosure in this financial report.

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Likely developments

SHINE for Kids will continue its objective of providing a range of tailored programs across NSW, VIC, ACT and QLD to support the unique needs of children with parents impacted by the criminal justice system.

Tax concession

The Company is endorsed as a Public Benevolent Institution and continues to receive Australian Taxation Office exemption from income tax. Gifts of $2 and over are allowable income tax deductions for donors to the Company.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts, or the fixed salary of a full-time employee of the Company by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest).

Legal proceedings

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

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

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012 is set out on page 6.

Signed in accordance with a resolution of the board of directors.

Director: ______________________
Peter Ricketts

Director: ______________________
Sue Woodward

Dated this 11th day of November 2020

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Australia

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The Board of Directors
SHINE for Kids Limited
128-130 O'Connell Street
North Parramatta, NSW, 2151

11 November 2020

Dear Board Members

Auditor's Independence Declaration to SHINE for Kids Limited

In accordance with subdivision 60-C section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of SHINE for Kids Limited.

As lead audit partner for the audit of the financial statements of SHINE for Kids Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Delarey Nell
Partner
Chartered Accountants

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

	Note	2020 $	2019 $
Revenue	2	3,769,465	3,224,125
Depreciation and amortisation expenses		(55,322)	(36,622)
Employee benefits expenses		(2,735,113)	(2,469,878)
Rental expenses		(11,636)	(27,553)
Staff training expenses		(8,172)	(4,699)
Fundraising expenses		(161,384)	(132,232)
Program expenses		(101,165)	(39,409)
Travel expenses		(43,902)	(29,696)
Consultancy expenses		(6,680)	(20,183)
Other expenses		(263,115)	(300,353)
Surplus before income tax		382,976	163,500
Income tax expense		-	-
Surplus for the year		382,976	163,500
Other comprehensive income/loss:			
Items that are or may be reclassified to profit or loss:			
Net change in fair value of financial assets through other comprehensive income		(541)	(53)
Other comprehensive income/(loss) for the year		(541)	(53)
Total comprehensive income/(loss) for the year		382,435	163,447
Total comprehensive income/(loss) attributable to members of the entity		382,435	163,447

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	4	1,961,275	1,256,960
Trade and other receivables	5	415,864	67,094
Financial assets	6	1,061	1,603
Right of Use Assets	7	7,581	0
TOTAL CURRENT ASSETS		**2,385,781**	1,325,657
NON-CURRENT ASSETS			
Motor vehicles, equipment and fixtures	8	31,636	71,797
TOTAL NON-CURRENT ASSETS		31,636	71,797
TOTAL ASSETS		**2,417,417**	1,397,454
CURRENT LIABILITIES			
Trade and other payables	9	1,139,710	552,210
Employee provisions	10	217,887	174,884
Lease Liability	11	7,647	0
TOTAL CURRENT LIABILITIES		**1,365,244**	727,094
NON-CURRENT LIABILITIES			
Employee provisions	10	51,348	51,970
TOTAL NON-CURRENT LIABILITIES		51,348	51,970
TOTAL LIABILITIES		1,416,592	779,064
NET ASSETS		**1,000,825**	618,390
EQUITY			
Reserves	12	716	1,257
Retained earnings	13	1,000,109	617,133
TOTAL EQUITY		**1,000,825**	618,390

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

	Retained earnings	Fair value reserve	Total
	$	$	$
Balance at 1 July 2018	453,633	1,310	454,943
Total comprehensive income:			
Deficit for the year attributable to members	163,500	-	163,500
Other comprehensive income	-	(53)	(53)
Total comprehensive income/(loss)	163,500	(53)	163,447
Balance at 30 June 2019	617,133	1,257	618,390
Balance at 1 July 2019	**617,133**	**1,257**	**618,390**
Total comprehensive income:			
Surplus for the year attributable to members	382,976	-	382,976
Other comprehensive income	-	(541)	(541)
-Total comprehensive income	**382,976**	**(541)**	**627,235**
Balance at 30 June 2020	**1,000,109**	**716**	**1,000,825**

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Donations		402,657	315,125
Grants - government and private		3,496,162	3,063,756
Interest received		7,994	12,336
Other		1,020	10,890
Total		3,907,833	3,402,107
Less payments			
Cash paid to employees		(2,775,389)	(2,426,403)
Cash paid to suppliers		(428,129)	(579,652)
Total		(3,203,518)	(3,006,055)
Net cash from operating activities		**704,315**	396,052
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		0	0
Net cash used in investing activities		**0**	0
Net Increase in cash		704,315	396,052
Cash and cash equivalents at 1 July		1,256,960	860,908
Cash and cash equivalents at 30 June		1,961,275	1,256,960

1. Statement of significant accounting policies

Reporting entity

SHINE for Kids is an individual not-for-profit entity incorporated under the Corporations ACT 2001 and is a company limited by guarantee. These financial statements are individual financial statements of the Company and are as at and for the year ended 30 June 2020.

Basis of accounting

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable (as defined in AASB 1053) which requires not-for-profit private sector entities to prepare Tier 2 reporting. Public accountability under AASB 1053 is different from the notion of public accountability in the general sense and includes entities such as those with debt or equity securities traded in a public market). The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC).

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, by the Company.

Income tax

The Company is operated as a non-profit organisation with income and any surplus being applied solely toward the promotion of the objectives of the Company.

The income of the Company is exempt from Australian Income Tax under Subdivision 50-5 of the Income Tax Assessment Act 1997 item 1.1 charitable institution.

Motor vehicles, equipment and fixtures

Recognition and measurement

Each class of property, motor vehicles, equipment and fixtures is carried at fair value or cost less any accumulated depreciation and impairment losses, where applicable.

The carrying amounts of motor vehicles, equipment and fixtures are reviewed annually by the Company to ensure the carrying amounts are not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which 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

Motor vehicles, equipment and fixtures are depreciated on a diminishing value basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset.

The assets' carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying value is written down immediately to its recoverable value if the asset's carrying value is greater than its estimated recoverable amount.

Profit and loss on disposal are determined by comparing proceeds with the carrying amount. These amounts are included in the income statement.

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

Class of fixed asset	Depreciation rate
Equipment and fixtures	11.25% – 75%
Motor vehicles	25%

Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.

An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in income.

Revenue Recognition

The Company recognises income from its main revenue/income streams, as listed below:

• Government grants

• Donations and bequests

• Other Organisational Income

Government grants, donations and bequests

When the Company receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Company to further its objectives, it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Company:

• Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)

• Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:

– a lease liability (AASB 16)

– revenue, or a contract liability arising from a contract with a customer (AASB 15)

– a financial instrument (AASB 9)

– a provision (AASB 137)

• Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

The company has conducted an analysis of the government grant contracts and analysed the terms of each contract to determine whether the arrangement meets the enforceability and the 'sufficiently specific' criteria under AASB 15. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise and recognised when (or as) the performance obligations are satisfied.

Impact on line items affected by the adoption of AASB 1058/ AASB 16 as compared to AASB 1004 for the year ended 30 June 2020

	As presented under AASB 1004	**AASB 1058 / AASB 15 Adjustments**	**As presented under AASB 15 / AASB 1058**
Revenue			
Government grants	$3,552,593	($244,800)	$3,307,793
Donations and bequests	$403,620		$403,620

Volunteer services

The Company regularly receives volunteer services as part of its operations. Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured.

While the Company has assessed that the fair value of its volunteer services can be reliably measured, it has decided to adopt the policy option not to recognise volunteer services. Accordingly, no amounts are recognised in the financial statements for volunteer services.

Donated inventories

As part of its operations, the company receives donations of goods which may then be used in its activities. AASB 102 requires the donated inventories to be measured at current replacement cost and any related amounts to be accounted for under AASB 1058.

The company has decided to make use of the practical expedient under AASB 102 and apply the materiality assessment at the individual item level (instead of the portfolio level) when recognising donated inventories. Based on an assessment, the company has noted that it only receives individually immaterial donations of inventory and accordingly will not be required to recognise such donated inventories. Accordingly, no amounts are recognised in the financial statements for donated inventories.

Financial instruments

The Company classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables, cash and cash equivalents and available-for-sale financial assets.

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in Other Comprehensive Income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within twelve months have been measured at their nominal amount. Other employee benefits payable later than twelve months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Company's obligations.

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employee's services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Provisions

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

Revenue

(i) Interest income

Interest income is recognised as it accrues in profit or loss using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

(iii) Grant revenue

Certain funding comprises grants for ongoing funding and specific purposes. The Company's programs are supported by grants received from the federal, state and local governments.

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, including the return of unspent funds, this is considered a reciprocal transaction and the grant revenue is initially recognised in the statement of financial position as a liability. The liability is then released to the statement of profit or loss and other comprehensive income as revenue on a systematic basis in the same periods in which expenses are recognised.

(iv) Donation income

Donations and bequests are recognised as revenue when received or, where special terms and conditions are attached to these, in accordance with those terms and conditions. Funds received in advance of obligations being met are deferred and taken to income as the related expenses are incurred and obligations are met.

(v) In-kind donations

In-kind donations received by the Company relate to goods provided by third parties and are measured, when provided, at their fair values during the financial year through profit or loss. In-kind donations are recognised when the Company obtains control of the contribution, or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably.

Where services are donated to the Company, no assessment of the value of those services is included in the financial statements as it has been determined that the fair value of these services received cannot be measured reliably.

(vi) Fundraising activities

Revenue from fundraising is recognised when received. A licence to fundraise is currently held for New South Wales. A summary of revenue and expenses associated with fundraising is disclosed on page 29.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

Leases

In the current year, the Company has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of AASB 16 on the Company's consolidated financial statements is described below.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease will continue to be applied to those contracts entered or modified before 1 July 2019.

Economic dependency

The company is largely dependent on the continued financial support of the Federal Government, State Governments, charitable trusts and foundations and private philanthropists in order to fund its operations. The company is also largely dependent on the continued provision of donated items, including access to office facilities and premises, supplier services provided on a pro bono or discounted basis and volunteer labour.

New standards and interpretations

New and amended standards that are mandatorily effective for the current year

Shine for Kids has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) which are effective for annual reporting periods beginning on or after 1 January 2019 and are applicable to the Company.

Disclosure with respect to the application of these new Standards and Interpretations are provided in this note.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

In the current year, the company has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 January 2019.

The date of initial application of AASB 1058 and AASB 15 for the company is 1 July 2019.

The company has applied AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated. Instead, the Company has recognised the cumulative effect of initially applying AASB 1058 and AASB 15 for the first time for the year ending 30 June 2020 against retained earnings as at 1 July 2019. The Company has also elected to apply AASB 1058 and AASB 15 retrospectively only to contracts and transactions that are not ‘completed contracts’ as at 1 July 2019.

Overview of AASB 1058 and AASB 15 requirements

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is that when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to any excess above the related amounts that would be immediate income recognition under AASB 1058.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

Impact on line items affected by the adoption of AASB 1058/ AASB 16 as compared to AASB 1004 for the year ended 30 June 2020

	As presented under AASB 1004	**AASB 1058 / AASB 15 Adjustments**	**As presented under AASB 15 / AASB 1058**
Revenue			
Government grants	$3,552,593	($244,800)	$3,307,793
Donations and bequests	$403,620		$403,620

AASB 16 Leases

The date of initial application of AASB 16 is 1 July 2019. Shine for Kids has applied AASB 16 using the cumulative catch-up approach which:

- Requires The company to recognise the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings at the date of initial application;
- Does not permit restatement of comparatives, which continue to be presented under AASB 117 and AASB Interpretation 4.

Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and AASB Interpretation 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and AASB Interpretation 4.

The company applies the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of AASB 16, the company has carried out an implementation project. The project has shown that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the company.

Impact on lessee accounting

(i) Former operating leases

AASB 16 changes how the company accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Company:

a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with AASB 16:C8(b)(ii)

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within ‘other expenses’ in profit or loss.

The company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying AASB 117.

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under AASB 137 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.

- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying AASB 117, the carrying amount of the leased assets and obligations under finance leases measured applying AASB 117 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where Company has elected to apply the low-value lease recognition exemption. The right-of-use asset and the lease liability are accounted for applying AASB 16 from 1 July 2019.

Financial impact of initial application of AASB 16

The amount of adjustment for each financial statement line item affect by the application of AASB 16 is illustrated below.

Impact on statement of profit or loss and other comprehensive income

	2020 $	2019 $
Increase in depreciation of right-of-use assets	15,161	-
Increase in finance costs	253	-
Decrease in other expenses	0	-
Decrease in profit for the year	15,414	-

Impact on statement of financial position

	As previously reported 1 July 2019 $	AASB 16 adjustments $	As restated 1 July 2019 $
Right-of-use assets	-	22,742	22,742
Net impact on total assets	-	22,742	22,742
Lease liabilities	-	22,742	22,742
Net impact on total liabilities	-	22,742	22,742

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use lease assets at the date of initial application.

	2020	2019
	$	$

2 Revenue and other income

Revenue		
Revenue from government grants and other grants:		
Federal government grants	733,830	729,847
State government grants	1,625,641	1,568,874
Other organisations	948,322	587,053
	3,307,793	2,885,774
Other revenue:		
Dividend income	57	72
Interest income	7,994	12,336
	8,051	12,408
Total revenue	3,315,844	2,898,182
Other income		
Donations and fundraising	402,657	315,125
Other	50,964	10,818
Total other income	453,621	325,943
Total revenue and other income	**3,769,465**	3,224,125

3 (Deficit)/Surplus for the year

Profit from continuing operations includes the following specific expenses:

Employee benefits		
Contributions to defined contribution plans	220,784	198,204

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

	2020	2019
	$	$

4 Cash and cash equivalents

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2020 $	2019 $
Cash at bank	1,961 ,275	1,256,960
	1,961,275	1,256,960

5 Trade and other receivables

	2020 $	2019 $
Grants & Donations Receivable	404,060	59,225
Rental bond	2,872	2,872
Prepayments	8,932	4,997
	415,864	67,094

6 Financial assets

	2020 $	2019 $
Shares in public companies at fair value	1,061	1,603

		2020	2019
		$	$

7 Right of Use Assets

Cost	Buildings	Totals	
At 1 July	22,742	22,742	-
Additions	-	-	-
Disposals	-	-	-
Balance at 30 June 2020	22,742	22,742	-
Accumulated depreciation			
At 1 July	-	-	-
Depreciation for the year	15,161	15,161	-
Balance at 30 June 2020	15,161	15,161	-
Carrying amount			
Balance at 30 June 2020		7,581	
Amounts recognised in profit and loss		$	
Depreciation expense on right-of-use assets		15,161	
Interest expense on lease liabilities		252	
Expense relating to short-term leases		11,698	
Expense relating to leases of low value asset		-	
Expense relating to variable lease payments not included in the measurement of the lease liability		-	

At 30 June 2020, SHINE for Kids is committed to $11,700 for short-term leases.

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

8 Motor vehicles, equipment and fixtures

	2020 $	2019 $
Reconciliation of carrying amount:		
Cost		
At 1 July	435,481	435,481
Additions	-	-
Disposals	-	-
Balance at 30 June	**435,481**	435,481
Accumulated depreciation		
At 1 July	(363,684)	(327,063)
Depreciation for the year	(40,161)	(36,621)
Disposals	-	-
Balance at 30 June	**(403,845)**	(363,684)
Carrying amounts at 30 June	**31,636**	71,797

9 Trade and other payables

	2020 $	2019 $
Creditors and accruals	250,137	156,510
Deferred income	822,010	334,871
Goods and services tax liability	67,563	60,829
	1,139,710	552,210

	2020	2019
	$	$

10 Employee provisions

	2020	2019
Current		
Provision for long service leave	10,200	12,414
Provision for annual leave	207,687	162,470
Current employee provisions	**217,887**	174,884
Non-current		
Provision for long service leave	51,348	51,970
Non-current employee provisions	**51,348**	51,970

11 Lease Liability

		Total	
Non Current	-	-	-
Current	7,647	7,647	-
Maturity Analysis			
Year 1	7,674	7,647	-
Less: Unearned Interest	-27	-27	-
	7,647	7,647	-

12 Reserves

	2020	2019
Fair value reserve		
Shares in public companies	716	1,257

13 Retained earnings

	2020	2019
Retained surplus at the beginning of the financial year	617,133	453,633
(Deficit)/Surplus attributable to members of the Company	382,976	163,500
Retained surplus at the end of the financial year	**1,000,109**	617,133

14 Financial instruments

Financial risk management

The Company's financial instruments consist primarily of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The Company does not have any derivative instruments at 30 June 2020.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance of counter parties of contractual obligations that could lead to financial loss.

The Company does not have a material credit risk exposure as a major source of revenue is the receipt of Federal, State and Local Government Grants. The majority of these Grants are in accordance with three year funding agreements.

Liquidity risk

Liquidity risk arises from the possibility that the Company may encounter difficulty in paying its debts or meeting financial obligations. Liquidity risk is managed by the use of budgets, cash flows and regular reviews by the Board.

15 Related party transactions

(a) Key management personnel remuneration

All directors of the Company act in the honorary capacity and therefore receive no compensation benefits.

Key management personnel compensation is set out below. In addition to their salaries, the Company also contributes to post-employment defined contribution superannuation funds on their behalf.

	Total $
2019	
Total remuneration	184,250
2020	
Total remuneration	198,456

(b) Other related parties

	2020 $	2019 $
There were no related party transactions.	-	-

16 Company details

The registered office of the Company is:

SHINE for Kids
128-130 O'Connell Street
North Parramatta NSW 2151

The principal place of business is:

128-130 O'Connell Street
North Parramatta NSW 2151

17 Funding

During the year, the Company received funding from the following Federal and State Government Departments:

Corrective Services NSW

Department of Social Services

ACT Corrective Services

Department of the Prime Minister and Cabinet

Department of Juvenile Justice NSW

Department of Justice, Corrections Victoria

Department of Education and Communities NSW

Community Services, Department Family and Community Services NSW

Corrective Services Queensland

Department of Child Safety, Youth and Women Queensland

18 Subsequent events

There were no subsequent events that occurred after balance date.

19 Summary of fundraising appeals conducted during the year

The Company holds an authority to fundraise under the NSW Charitable Fundraising Act of 1991.

During the year, the Company engaged in fundraising activities as defined by the NSW Charitable Fundraising Act. The total income from these activities amounted to $402,657. Of this amount, $129,380 was derived from fundraising appeals, gifts from individuals and businesses, and $273,277 raised from third party fundraising and chocolate drives.

Fundraising conducted jointly with third party traders

	2020	2019
	$	$
Revenue	95,530	95,140
Less payments to trader	(72,622)	(72,060)
Gross contribution	22,908	23,080

Specific appeal comparisons

	Gross income	Expenditure	2020 Surplus	2019 Surplus
	$	$	$	$
Chocolate Drives	177,748	84,358	93,390	62,337

SHINE FOR KIDS COMPANY LIMITED
ABN 60 662 072 775

DIRECTORS' DECLARATION

In the opinion of the directors of SHINE for Kids Company Limited (the Company):

(a) the Company is not publicly accountable (as defined in AASB 1053);

(b) the financial statements and notes that are set out on pages 6 to 33 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

    (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance, for the financial year ended on that date; and

    (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and

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

This statement is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

Director: ____________________
Peter Ricketts

Director: ____________________
Sue Woodward

Dated this 11th **day of November 2020**

SHINE FOR KIDS COMPANY LIMITED
ABN 60 662 072 775

DECLARATION IN RESPECT OF FUNDRAISING APPEALS

Declaration of the board in respect of fundraising appeals pursuant to Authority Condition 7(4) of the Charitable Fundraising Act (NSW) 1991 and Regulations.

I, Peter Ricketts, and I, Sue Woodward, directors of SHINE For Kids ("the Company") declare that in our opinion:

(a) the statement of comprehensive income is drawn up so as to give a true and fair view of income and expenditure of Shine For Kids for the year ended 30 June 2020 with respect to fundraising appeals;

(b) the statement of financial position and cash flow statement are drawn up so as to give a true and fair view of the state of affairs of the Company and cash flows as at 30 June 2020 with respect to fundraising appeals;

(c) the provisions of the Charitable Fundraising Act 1991 and the regulations under the Act and conditions attached to the authority holder have been complied with for the year ended 30 June 2020; and

(d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of the fundraising appeals.

Director: ______________________
Peter Ricketts

Director: ______________________
Sue Woodward

Dated this 11th **day of November 2020**

Deloitte.

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Independent Auditor's Report to the Members of SHINE for Kids Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SHINE for Kids Limited (the "Entity"), 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 declaration by Directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

(i) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its financial performance for the year then 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 Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

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 Directors' 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

The Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

Directors of the 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 Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the 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 Directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- Conclude on the appropriateness of the Directors' 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 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 Entity 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 the Directors 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.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Delarey Nell
Partner
Chartered Accountants
Sydney, 11 November 2020