

Newhope Baptist Preschool Inc.

Financial Statements

For the Year Ended 31 December 2019

Newhope Baptist Preschool Inc.

Contents

For the Year Ended 31 December 2019

	Page
Financial Statements	
Committee's Report	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Committee Members' Declaration	12
Auditor's Independence Declaration	13
Independent Audit Report	14

Newhope Baptist Preschool Inc.

Committee's Report
31 December 2019

The committee members present their report on Newhope Baptist Preschool Inc. for the financial year ended 31 December 2019.

General information

Committee members

The names of the committee members in office at any time during, or since the end of, the year are:

Names		Appointed/Resigned
Geoff Stebbins	President	Appointed 3 June 2019
Lance Blythe	Vice President	
Judy Louie	Treasurer	
Surette Southwood	Secretary/Public Officer	
Sanette Wood		Resigned 25 February 2019
Annaliese Tesdorpf	Parents' Representative	Appointed 25 February 2019
Cathy DeWitt		Resigned 12 August 2019

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities and significant changes in nature of activities

The principal activities of Newhope Baptist Preschool Inc. during the financial year consisted of providing kindergarten activities to 3 year old and 4 year old children of members of the association.

There were no significant changes in the nature of Newhope Baptist Preschool Inc.'s principal activities during the financial year.

Operating results

The profit of the Association after providing for income tax amounted to \$ 5,404 (2018: \$ (18,173)).

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012* for the year ended 31 December 2019 has been received and can be found on page 13 of the financial report.

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

President:
Geoff Stebbins

Treasurer:
Judy Louie

Dated this 15th day of May 2020

Newhope Baptist Preschool Inc.

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

		2019	2018
	Note	\$	\$
Revenue	4	438,333	439,818
Expenses			
Administration expenses		(25,943)	(30,856)
Program expenses		(16,004)	(16,571)
Teaching expenses		(305,106)	(307,849)
General expenses		(21,264)	(19,759)
Parent committee expenses		(4,028)	(6,816)
Occupancy expenses		(60,584)	(58,640)
BFGG expenses		-	(17,500)
Total expenses		<u>(432,929)</u>	<u>(457,991)</u>
Profit before income tax		5,404	(18,173)
Income tax expense		-	-
Profit for the year		<u>5,404</u>	<u>(18,173)</u>
Other comprehensive income, net of income tax			
Total comprehensive income for the year		<u>5,404</u>	<u>(18,173)</u>

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Statement of Financial Position

As At 31 December 2019

	2019	2018
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5 112,429	124,295
Other assets	6 19,451	72
TOTAL CURRENT ASSETS	131,880	124,367
NON-CURRENT ASSETS		
Plant and equipment	7 16,155	19,165
TOTAL NON-CURRENT ASSETS	16,155	19,165
TOTAL ASSETS	148,035	143,532
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8 24,928	32,905
Employee benefits	9 58,407	53,278
TOTAL CURRENT LIABILITIES	83,335	86,183
NON-CURRENT LIABILITIES		
Employee benefits	9 7,196	5,249
TOTAL NON-CURRENT LIABILITIES	7,196	5,249
TOTAL LIABILITIES	90,531	91,432
NET ASSETS	57,504	52,100
Equity		
Retained profits	10 57,504	52,100
TOTAL EQUITY	57,504	52,100

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2019	52,100	52,100
Profit/loss attributable to members of the association	5,404	5,404
Balance at 31 December 2019	<u>57,504</u>	<u>57,504</u>

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	70,273	70,273
Profit/loss attributable to members of the association	(18,173)	(18,173)
Balance at 31 December 2018	<u>52,100</u>	<u>52,100</u>

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	437,548	460,038
Payments to suppliers and employees	(449,590)	(436,956)
Interest received	176	260
Net cash provided by/(used in) operating activities	13 <u>(11,866)</u>	<u>23,342</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(11,866)	23,342
Cash and cash equivalents at beginning of year	<u>124,295</u>	100,953
Cash and cash equivalents at end of financial year	5 <u><u>112,429</u></u>	<u><u>124,295</u></u>

The accompanying notes form part of these financial statements.

Newhope Baptist Preschool Inc.

Notes to the Financial Statements

For the Year Ended 31 December 2019

The financial statements cover Newhope Baptist Preschool Inc. as an individual entity. Newhope Baptist Preschool Inc. is a not-for-profit Association incorporated in Victoria under the Associations Incorporation Reform Act 2012 ('the Act').

The functional and presentation currency of Newhope Baptist Preschool Inc. is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with Governance the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition, measurement and disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, 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.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(c) 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 payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(d) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

(e) 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.

(f) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be 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.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

3 Critical Accounting Estimates and Judgments

The committee members make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Critical Accounting Estimates and Judgments

Key estimates - employee provisions

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

4 Revenue and Other Income

	2019	2018
	\$	\$
Revenue		
- administration fee - enrolment	20,350	19,262
- fees	347,256	338,463
- royalties	1,949	-
- interest received	176	260
- donations from NHBC school building fund	50,000	50,000
- donations and fundraising	11,792	14,333
- grants	6,810	17,500
Total revenue	<u>438,333</u>	<u>439,818</u>

5 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on hand	300	300
Cash at bank	112,129	123,995
	<u>112,429</u>	<u>124,295</u>

6 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Other current assets	19,451	72
	<u>19,451</u>	<u>72</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Newhope Baptist Preschool Inc.

Notes to the Financial Statements
For the Year Ended 31 December 2019

7 Property, plant and equipment

	2019	2018
	\$	\$
Leasehold improvements		
At cost	43,760	43,760
Accumulated depreciation	(30,845)	(30,013)
Total freehold improvements	<u>12,915</u>	<u>13,747</u>
Plant and equipment		
At cost	15,780	15,780
Accumulated depreciation	(12,540)	(10,362)
Total plant and equipment	<u>3,240</u>	<u>5,418</u>
	<u><u>16,155</u></u>	<u><u>19,165</u></u>

8 Trade and Other Payables

	2019	2018
	\$	\$
Current		
GST payable	2,925	5,371
Accrued expenses	13,254	7,276
PAYG withholding payable	7,800	17,776
Other payables	949	664
Electronic clearing account	-	1,818
	<u>24,928</u>	<u>32,905</u>

9 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Long service leave	19,465	19,447
Personal leave	38,942	33,831
	<u>58,407</u>	<u>53,278</u>
Non-current liabilities		
Long service leave	7,196	5,249
	<u>7,196</u>	<u>5,249</u>

Notes to the Financial Statements
For the Year Ended 31 December 2019

10 Retained Earnings

	2019	2018
	\$	\$
Retained earnings (accumulated losses) at the beginning of the financial year	52,100	70,273
Net profit/loss attributable to the members of the association	5,404	(18,173)
Retained earnings at end of the financial year	57,504	52,100

11 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor and accountants for:		
- auditing the financial statements, including preparation of financial statements	2,175	2,138
Total	2,175	2,138

12 Contingencies

In the opinion of the committee members, the Association did not have any contingencies at 31 December 2019 (31 December 2018:None).

13 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Net profit attributable to the members of the association	5,404	(18,173)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	3,010	3,135
Changes in assets and liabilities:		
- (increase)/decrease in other assets	(19,379)	18,928
- increase/(decrease) in trade and other payables	(7,977)	3,695
- increase/(decrease) in employee benefits	7,076	15,757
Cashflows from operations	(11,866)	23,342

Notes to the Financial Statements

For the Year Ended 31 December 2019

14 Events after the end of the Reporting Period

The financial report was authorised for issue on 15 May 2020 by the committee members.

In recent weeks, Covid 19 has been declared a pandemic. Measures put in place by Government to limit the spread of the virus have had a significant impact on the Australian economy, and are likely to do so for months to come. As a result of these measures, at this stage the Preschool is expecting a reduction in enrolments for the second term, and possibly for the third and fourth terms as families withdraw their children due to social distancing requirements and concerns about exposure to the virus.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

15 Going Concern

These financial statements have been prepared on a going concern basis, however the uncertainty around the effect of the Covid 19 pandemic creates some doubt about the organisation's ability to continue as a going concern.

The Preschool's 4 year old program is largely subsidised by the government. The three-year-old program does not have government funding and revenue from enrolments is expected to drop. The Preschool will have access to the government's Boosting Cash Flow for Employers measures, and if income drops as expected, the preschool expects to access Job Keeper payments. Taking into account existing cash reserves and government support, the board expects to be able to continue to operate as a going concern.

16 Statutory Information

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

Newhope Baptist Preschool Inc.
3 Springfield Road
BLACKBURN NORTH VIC 3130

Newhope Baptist Preschool Inc.

Committee Members' Declaration

The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the committee the financial report as set out on pages 3 to 11:

1. Presents fairly the financial position of Newhope Baptist Preschool Inc. as at 31 December 2019 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Newhope Baptist Preschool Inc. will be able to pay its debts as and when they fall due.

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

President 
Geoff Stebbins

Treasurer 
Judy Louie

Dated this 15th day of May 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER DIVISION 60 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE RESPONSIBLE PERSONS OF NEWHOPE BAPTIST PRE-SCHOOL INC

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Hung, CA
rdl.accountants

19 May 2020
Blackburn, Victoria

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWHOPE BAPTIST PRE-SCHOOL INC

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of NewHope Baptist Pre-School Inc (the association), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the committee members' declaration.

In our opinion the financial report of NewHope Baptist Pre-School Inc has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the association's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act Regulation 2013*.

Basis for Opinion

We have conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the association in accordance with the ethical requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee members' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Material uncertainty related to Going Concern

We draw attention to Notes 14 and 15 in the financial report which indicate that the Covid 19 pandemic is expected to have a significant impact on the association's revenue in the current financial year. As stated in these notes, this pandemic creates material uncertainty that may cast significant doubt on the association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Committee members for the Financial Report

The committee members of the association are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 2 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The committee members' responsibility also includes such internal control as the committee members determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee members are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

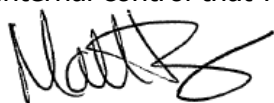
Auditor's Responsibility for the Audit of the Financial Report

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 Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



Matthew Hung, CA
rdl.accountants
19 May 2020
Blackburn, Victoria