

# KIDS UNDER COVER FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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## CORPORATE INFORMATION

KIDS UNDER COVER ABN 76 604 592 013

### DIRECTORS

The following directors were in office at the date of this report:

A Coleman (Chair)  
S Davies  
J Jones  
N Popelianski  
J Berriman  
A Tait  
C Radford (Vice Chair)  
H Kroger

### COMPANY SECRETARY

J Swift

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

383 Swan Street Richmond VIC 3121

### BANKERS

Bank of Melbourne  
530 Collins Street  
Melbourne VIC 3000

### AUDITORS

Pitcher Partners  
15 William Street  
Melbourne VIC 3001

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report with the financial statements to the members of Kids Under Cover (the Company) for the year ended 30 June 2015 and auditors report thereon.

### DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

	DATE APPOINTED	DATE OF CESSATION	BOARD A	BOARD B
S Davies	20 Dec 07	-	5	6
J Jones	18 Nov 10	-	5	6
N Popelianski	16 Aug 12	-	6	6
A Coleman	18 Oct 12	-	6	6
J Berriman	18 Apr 13	-	5	6
A Tait	12 Jun 14	-	4	6
C Radford	12 Jun 14	-	6	6
H Kroger	14 Mar 15	-	3	3

A – number of meetings attended

B – number of meetings held during the time the director held office during the year

Details of directors' qualifications, experience and special responsibilities can be found on page 7 of this report.

### COMPANY SECRETARY

Ms J Swift has been the company secretary since 20 December 2007.

### SHORT AND LONG TERM OBJECTIVES AND STRATEGY

The Company's short and long term objective is to prevent youth homelessness.

The Company's strategies to achieve this objective include:

- constructing purpose built demountable studios for homeless and at-risk young people
- providing scholarships for education or job training
- offering mentors to empower young people to achieve their goals

In doing this we seek to keep families together, keep young people engaged in education and connected with their community.

### PRINCIPAL ACTIVITIES

The Company's principal activities during the year were:

- Fundraising through gifts, donations, government and philanthropic grants, appeals, events and regular giving programs
- Construction of one and two bedroom studios
- Provision of scholarships
- Provision of mentors
- Providing studio monitoring support

### PERFORMANCE MEASURES

To evaluate the efficiency and effectiveness of the organisations programmatic activities a Monitoring & Evaluation framework is in place. The annual evaluation report can be found in the annual report which accompanies this financial report.

### MEMBERS GUARANTEE

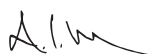
The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$1 each towards meeting any outstandings and obligations of the entity. At 30 June 2015 the number of members was 77. The combined total amount that members of the company are liable to contribute if the Company is wound up is \$77.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's declaration under Division 60 of the Australian Charities and Not-for-profits Commissions Act 2012 in relation to the audit appears on page 6 and forms part of the Directors' report for the year ended 30 June 2015.

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

On behalf of the directors:



**Andrew Coleman**  
Director, Chair  
Melbourne  
Date: 15 October 2015



**Jeff Jones**  
Director, Treasurer



KIDS UNDER COVER  
AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF KIDS UNDER COVER

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been no contraventions of any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'M Harrison'.

M J HARRISON  
Partner

Date 16 October 2015

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

PITCHER PARTNERS  
Melbourne

## DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES
Andrew Coleman	Retail and Supply Chain Director at Coles. Is a Chartered Management Accountant and holds a Bachelor of Economics.	Board Chair
Sarah Davies	Current Chief Executive Officer of Philanthropy Australia and a Board Member of the Centre for Social Impact. Has an extensive background in the tertiary education sector. Is a graduate of the Australian Institute of Company Directors and a Williamson Fellow.	Remuneration Committee Chair
Jeff Jones	Chief Executive Officer of Total Construction Pty Ltd. Holds a Bachelor of Commerce and a Masters in Business Administration. Is a member of the Institute of Chartered Accountants in Australia and has over 20 years experience in accounting and finance.	Treasurer Finance Committee Chair
Nathaniel Popelianski	Partner at Corrs Chambers Westgarth where he specialises in property law. Has over 15 years experience and holds a Bachelor of Commerce and a Bachelor of Laws.	Governance Committee Chair
Jan Berriman	20 years experience in executive positions within not for profit companies in both urban and rural contexts within Australia. Is a graduate of the Australian Institute of Company Directors.	
Alison Tait	Partner at PricewaterhouseCoopers and has over 15 years experience working with ASX listed companies and large multinationals. Is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce.	Audit & Risk Committee Chair
Colin Radford	Lead Consulting Partner at ShineWing Australia. Public sector specialist with more than 25 years experience working in and with government. Chair of the Defence Reserves Support Council (Victoria), Director of the Tigers in the Community Foundation and a Williamson Fellow.	Board Vice Chair
Helen Kroger	Extensive background in the philanthropic, small business, education and corporate sectors.  She currently provides corporate advisory services to Australian business and is a Senior Counsel with Civic Creative. From 2008 to 2014 she was a Coalition Senator for Victoria.  During her time in the Senate, she served as the Chief Government and Opposition Whip in the Senate, Chairman of the Senate Foreign Affairs, Defence and Trade Committee, and as a member of numerous Senate and Joint Parliamentary Committees.	

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTES	2015 \$	2014 \$
<b>REVENUE FROM CONTINUING OPERATIONS</b>			
Government funding		2,844,809	2,336,199
<b>FUNDRAISING</b>			
Donations and gifts	3(a)	3,508,948	2,684,045
Bequests	3(a)	-	3,090
Events	3(a)	428,616	426,928
<b>OTHER INCOME</b>			
Membership fees		(2,964)	21,721
Sales of goods		10,693	-
Net gain on disposal of fixed assets		-	26,464
Investment income	3(b)	109,107	111,483
<b>REVENUE AND OTHER INCOME</b>		<b>6,899,209</b>	<b>5,609,930</b>
Fundraising costs		1,752,288	1,366,287
Scholarship program costs		523,444	332,091
Housing program costs		2,939,843	2,138,309
Mentor program costs		81,171	92,401
Finance costs		4,352	12,678
Management and administration		804,964	636,740
<b>EXPENDITURE</b>		<b>6,106,062</b>	<b>4,578,506</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>793,147</b>	<b>1,031,424</b>

The statement of comprehensive income is to be read in conjunction with the attached notes.

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2015

	NOTES	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	5,067,605	4,361,720
Trade and other receivables	5	422,158	268,940
Inventories	6	-	3,420
Other assets	7	294,954	135,478
<b>TOTAL CURRENT ASSETS</b>		<b>5,784,717</b>	<b>4,769,558</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	9,522,069	9,768,172
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,522,069</b>	<b>9,768,172</b>
<b>TOTAL ASSETS</b>		<b>15,306,786</b>	<b>14,537,730</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	806,787	886,563
Provisions	10	226,738	173,576
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,033,525</b>	<b>1,060,139</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	49,336	46,813
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>49,336</b>	<b>46,813</b>
<b>TOTAL LIABILITIES</b>		<b>1,082,861</b>	<b>1,106,952</b>
<b>NET ASSETS</b>		<b>14,223,925</b>	<b>13,430,778</b>
<b>FUNDS</b>			
General funds		12,907,079	12,283,901
Designated funds reserve		1,107,410	938,342
Restricted funds reserve		209,436	208,535
<b>TOTAL FUNDS</b>	11	<b>14,223,925</b>	<b>13,430,778</b>

The statement of financial position is to be read in conjunction with the attached notes.

## STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2015

	GENERAL FUNDS \$	DESIGNATED FUNDS \$	RESTRICTED FUNDS \$	TOTAL \$
<b>BALANCE AT 30 JUNE 2013</b>	11,382,502	809,372	207,480	12,399,354
Surplus attributable to the entity	1,031,424	-	-	1,031,424
Transfers to reserves	(130,025)	128,970	1,055	-
<b>BALANCE AT 30 JUNE 2014</b>	12,283,901	938,342	208,535	13,430,778
Surplus attributable to the entity	793,147	-	-	793,147
Transfers to reserves	(169,969)	169,068	901	-
<b>BALANCE AT 30 JUNE 2015</b>	12,907,079	1,107,410	209,436	14,223,925

Details of the purpose of each reserve and fund are included in Note 11(c).

The statement of changes in funds is to be read on conjunction with the attached notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

NOTES	2015 \$	2014 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from grants and fundraising	7,250,606	4,671,515
Interest income	109,107	111,483
Payments to suppliers & employees	(4,119,312)	(2,631,342)
Scholarships paid	(382,467)	(296,604)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,857,934</b>	<b>1,855,052</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of property plant and equipment	3,636	80,873
Purchase of property plant and equipment	(2,155,685)	(2,235,659)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(2,152,049)</b>	<b>(2,154,786)</b>
Net increase (decrease) in cash and cash equivalents	705,885	(299,734)
Cash and cash equivalents at beginning of year	4,361,720	4,661,454
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>4</b>	<b>5,067,605</b>
		<b>4,361,720</b>

The statement of cash flows is to be read on conjunction with the attached notes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. INFORMATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commissions Act 2012.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for Kids Under Cover as an individual entity. Kids Under Cover is a company limited by guarantee, incorporated and domiciled in Australia. Kids Under Cover is a not-for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### 2. SUMMARY OF ACCOUNTING POLICIES

#### (A) BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commissions Act 2012.

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. Cost is based on the fair values of the consideration given in exchange for assets.

#### (B) REVENUE RECOGNITION

Revenue is recognised when the company obtains control of the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

#### DONATIONS

Donations are recognised when received.

#### GOVERNMENT GRANTS

The company's studio building activity is supported by grants received from state governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

#### SALES OF GOODS

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

#### INVESTMENT INCOME

Investment income comprises interest revenue and is recognised as it accrues.

#### IN-KIND DONATIONS

Goods and services donated to the company are included at the fair value to the company where this can be quantified.

No amounts are included in the financial statements for services donated by volunteers.

Goods donated for resale, raffle and auction are included as income when they are sold.

#### ASSET SALES

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

#### (C) EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis of headcount.

Fundraising costs are those incurred in seeking voluntary contributions by donations and includes the costs of fundraising events.

Scholarship program costs are those costs incurred in managing the scholarship programs and include the payment of scholarships, study aids and education related research.

Mentor program costs are those costs incurred in managing the mentoring program including training of potential mentors and matching mentors with mentees.

Housing program costs are those costs incurred in managing the housing program including processing of applications, arranging installations and non-capital costs incurred in maintaining the company's housing stock. Depreciation and amortisation of the housing stock is included in these costs.

Finance costs include interest, bank charges and credit card fees.

Management and administration costs are those incurred in connection with the administration of the company, support of programs and fundraising, and compliance with constitutional and statutory requirements.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### (D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

### (E) TRADE AND OTHER RECEIVABLES

Trade receivables, which comprise amounts due from sales of merchandise, membership fees and from services provided to government for the construction and relocation of studios, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement vary from seven to ninety days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

### (F) INVENTORIES

Inventories of goods purchased for resale are valued at the lower of cost and net realisable value.

### (G) PROPERTY, PLANT AND EQUIPMENT

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

Any property, plant or equipment donated to the company or acquired for nominal cost is recognised at fair value at the date the company obtains control of the assets.

### HOUSES

Houses are carried at deemed cost less, where applicable, any accumulated depreciation.

The land on which the houses are situated is utilised under a long term lease from the government and is not owned by the company.

### STUDIOS

Studios are carried at deemed cost less accumulated depreciation.

Studios funded by Department of Health and Human Services – Children Youth & Families (CYF) remain in CYF's possession for 15 years and the company must manage the studios for that time. The company has a duty of stewardship to manage, control and, where necessary, relocate the studios. Title to the studios is transferred over the 15 year period. Despite the legal ownership remaining with CYF, the risk and rewards of ownership effectively lie with the company. These studios are included as assets on the balance sheet.

Studios funded by other sources, including Department of Health and Human Services – Office of Housing (OOH), are property of the company.

### PLANT AND EQUIPMENT

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

### DEPRECIATION

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the company commencing from when the asset is held ready for use. Depreciation is calculated on a straight line and diminishing value basis over the expected economic lives as follows:

	2015	2014
	%	%
Houses	5	5
Studios	5-25	5-25
Furniture & Fittings	5-15	5-15
Office Equipment	5-40	5-40
Motor Vehicles	25	25

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### IMPAIRMENT

The carrying values of property, plant and equipment are reviewed for impairment each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the income statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

### DERECOGNITION AND DISPOSAL

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

### (H) TRADE CREDITORS AND OTHER PAYABLES

Trade creditors and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. These amounts are usually settled within 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

### (I) DEFERRED INCOME

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions fulfilled and revenue received in advance for fundraising events to be held post balance date.

### (J) EMPLOYEE BENEFITS

Employee benefits comprise wages and salaries, annual, non-accumulating personal and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of the employees' services up to the reporting date which are expected to be settled within 12 months of balance date are recognised in the provision for employee benefits. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

### (K) LEASE ASSETS AND LIABILITIES

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### (L) TAXATION

#### INCOME TAX

The company is a charitable institution for the purposes of the Australian taxation legislation and is therefore exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

#### GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is included as operating cash flows.

#### (M) COMPARATIVE

Comparative information has been adjusted where appropriate to be in line with current year presentation and disclosures.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 3. REVENUE, OTHER INCOME AND EXPENSES

	NOTES	2015 \$	2014 \$
<b>(A) REVENUE</b>			
Government grants		2,844,809	2,336,199
Donations and gifts			
Individual donors		1,771,099	1,485,100
Corporate donors		508,561	265,217
Philanthropic trusts and foundations		1,185,525	923,371
Gifts in kind		43,763	10,357
Bequests		-	3,090
Events			
Sales of tickets		108,600	114,725
Raffles and auctions		249,416	249,703
Sponsorships		70,600	62,500
Sales of goods		10,693	-
Membership fees		(2,964)	21,721
<b>(B) OTHER INCOME</b>			
Investment income			
Interest received		109,107	111,483
<b>(C) EXPENSES</b>			
Depreciation		1,635,779	1,204,667
Interest paid		-	7,900
Doubtful debts expense		-	131,750
Loss on disposal and relocation of property, plant & equipment		631,500	524,829
Write down of studios to be relocated		130,873	-
<b>(D) EMPLOYEE BENEFITS EXPENSE</b>			
Wages and salaries		1,414,199	1,246,313
Movement in employee benefits provisions		(3,215)	18,578
<b>(E) OPERATING LEASE EXPENSE</b>			
		41,911	45,720

### 4. CASH AND CASH EQUIVALENTS

	NOTES	2015 \$	2014 \$
Cash on hand		220	462
Cash at bank		5,052,385	4,358,341
Security deposit		15,000	2,917
		<b>5,067,605</b>	<b>4,361,720</b>

Cash at bank earns interest at floating rates based on daily deposit rates.

### 5. TRADE AND OTHER RECEIVABLES

	NOTES	2015 \$	2014 \$
<b>CURRENT</b>			
Trade debtors		88,644	70,812
Accrued Income		110,964	128,340
Other debtors		222,550	69,788
		<b>422,158</b>	<b>268,940</b>

### 6. INVENTORIES

	NOTES	2015 \$	2014 \$
Ball auction inventory		-	3,420

### 7. OTHER ASSETS

	NOTES	2015 \$	2014 \$
Prepayments		294,954	135,478

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 8. PROPERTY, PLANT AND EQUIPMENT

	STUDIOS \$	HOUSES \$	MOTOR VEHICLES \$	OFFICE FITTINGS AND EQUIPMENT \$	TOTAL \$
<b>COST OR FAIR VALUE</b>					
<b>AT 30 JUNE 2013</b>	<b>11,574,226</b>	<b>2,146,073</b>	<b>72,628</b>	<b>202,231</b>	<b>13,995,158</b>
Additions	1,895,577	-	29,224	3,532	1,928,333
Disposals	(845,353)	(110,000)	(20,078)	(2,191)	(977,622)
<b>At 30 June 2014</b>	<b>12,624,450</b>	<b>2,036,073</b>	<b>81,774</b>	<b>203,572</b>	<b>14,945,869</b>
Additions	2,070,768	-	-	84,917	2,155,685
Disposals	(1,076,177)	-	(22,171)	(94,357)	(1,192,705)
<b>At 30 June 2015</b>	<b>13,619,041</b>	<b>2,036,073</b>	<b>59,603</b>	<b>194,132</b>	<b>15,908,849</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>AT 30 JUNE 2013</b>	<b>2,877,272</b>	<b>1,216,430</b>	<b>44,726</b>	<b>152,436</b>	<b>4,290,864</b>
Charge for the year	1,081,722	103,024	6,877	13,044	1,204,667
Disposals	(225,454)	(78,220)	(13,376)	(784)	(317,834)
<b>At 30 June 2014</b>	<b>3,733,540</b>	<b>1,241,234</b>	<b>38,227</b>	<b>164,696</b>	<b>5,177,697</b>
Charge for the year	1,499,140	101,804	9,899	24,936	1,635,779
Relocation write down	130,873	-	-	-	130,873
Disposals	(453,310)	-	(17,973)	(86,286)	(557,569)
<b>At 30 June 2015</b>	<b>4,910,243</b>	<b>1,343,038</b>	<b>30,153</b>	<b>103,346</b>	<b>6,386,780</b>
<b>NET CARRYING AMOUNT</b>					
At 30 June 2015	8,708,798	693,035	29,450	90,786	9,522,069
At 30 June 2014	8,890,910	794,839	43,547	38,876	9,768,172

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 9. TRADE CREDITORS AND OTHER PAYABLES

NOTES	2015 \$	2014 \$
<b>CURRENT</b>		
Trade creditors	386,271	106,531
Other creditors	34,242	10,084
Accruals and deferred income	232,663	337,197
Government grants in advance	153,611	432,752
	806,787	886,563

### 10. PROVISIONS

NOTES	2015 \$	2014 \$
<b>CURRENT</b>		
Employee benefits	123,138	125,576
Scholarships	103,600	48,000
	226,738	173,576
<b>NON-CURRENT</b>		
Employee benefits	8,836	9,613
Scholarships	40,500	37,200
	49,336	46,813

### 11. FUNDS

#### (A) MOVEMENT IN FUNDS - 2015

	AT 1 JULY 2014 \$	NET INCOME \$	TRANSFERS \$	AT 30 JUNE 2015 \$
<b>GENERAL FUNDS</b>				
<b>DESIGNATED FUNDS</b>	12,283,901	793,147	(169,969)	12,907,079
Scholarship program reserve	490,954	-	19,397	510,351
Housing program reserve	447,388	-	149,671	597,059
Total designated funds	938,342	-	169,068	1,107,410
<b>RESTRICTED FUNDS</b>				
Scholarship endowment reserve	208,535	-	901	209,436
<b>TOTAL FUNDS</b>	<b>13,430,778</b>	<b>793,147</b>	<b>-</b>	<b>14,223,925</b>

#### (B) MOVEMENT IN FUNDS - 2014

	AT 1 JULY 2013 \$	NET INCOME \$	TRANSFERS \$	AT 30 JUNE 2014 \$
<b>GENERAL FUNDS</b>	11,382,502	1,131,424	(130,025)	12,283,901
<b>DESIGNATED FUNDS</b>				
Scholarship program reserve	472,909	-	18,045	490,954
Housing program reserve	336,463	-	110,925	447,388
Total designated funds	809,372	-	128,970	938,342
<b>RESTRICTED FUNDS</b>				
Scholarship endowment reserve	207,480	-	1,055	208,535
<b>TOTAL FUNDS</b>	<b>12,399,354</b>	<b>1,131,424</b>	<b>-</b>	<b>13,430,778</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### (C) DETAILS OF FUNDS

#### GENERAL RESERVE

The general reserve represents the retained earnings of the company and are the funds of the company that are not designated for a particular purpose.

#### ASSET REVALUATION RESERVE

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

#### SCHOLARSHIP PROGRAM RESERVE

The scholarship program reserve has been established to record funds raised by donation to the company for use in its scholarship program.

#### HOUSING PROGRAM RESERVE

The housing program reserve has been established to record funds raised by donation to the company for use in its housing program.

#### SCHOLARSHIP ENDOWMENT RESERVE

The scholarship endowment reserve was established from funds received from the Estate of Cecelia Murnane. These funds are held in perpetuity with 80% of the income relating to these funds being used to pay scholarships and the balance retained to increase the fund.

### (D) MEMBERS GUARANTEE

The Company is limited by guarantee. In the event of the Company being wound up, the constitution states that each member is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the Company. At 30 June 2015 the number of members was 77 (2014:57).

## 12. COMMITMENTS AND CONTINGENCIES

### OPERATING LEASES

The Company has entered into a commercial lease for the head office premises. Future minimum rentals payable under non-cancellable operating leases as at the reporting date:

	NOTES	2015 \$	2014 \$
Within one year		144,347	45,720
After one year but not more than five years		302,083	-
<b>Total commitments under operating leases</b>		<b>446,430</b>	<b>45,720</b>

## 13. KEY MANAGEMENT PERSONNEL COMPENSATION

	NOTES	2015 \$	2014 \$
Short term benefits		522,842	515,041
Post-employment benefits		45,460	42,122
<b>Total compensation</b>		<b>568,301</b>	<b>557,163</b>

Key management personnel compensation comprises the remuneration of five senior management employees (2014:5).

## 14. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (A) DIRECTORS

Directors of the Company in office during the year are disclosed in the directors' report that accompanies these financial statements.

### (B) DIRECTORS' COMPENSATION

The directors act in an honorary capacity and receive no compensation for their services.

### (C) TRANSACTIONS WITH DIRECTOR-RELATED ENTITIES

There were no transactions with directors or director related entities during the financial year and no amounts payable or receivable from directors or director related entities at the reporting date.

## 15. ECONOMIC DEPENDENCY

The company is dependent upon the ongoing receipt of grants and donations to ensure the continuance of its housing, scholarship and mentoring programs.

## 16. ADDITIONAL COMPANY INFORMATION

Kids Under Cover is a company limited by guarantee, incorporated and operating in Australia.

The registered office of the Company and its principal place of business is:

383 Swan Street Richmond Victoria 3121

Kids Under Cover  
ABN 76 604 592 013

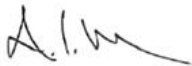
### **Directors' declaration**

The directors of Kids Under Cover declare that in their opinion:

- (a) The attached financial statements and notes thereto comply with Australian Accounting Standards
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company
- (c) The attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profit Commissions Act 2012* and the ACNC Regulation 2013
- (d) There are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the directors:



**Andrew Coleman**  
Director, Chair  
Melbourne



**Jeff Jones**  
Director, Treasurer

Date: 15 October 2015



KIDS UNDER COVER  
ABN 76 604 592 013

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
KIDS UNDER COVER

We have audited the accompanying financial report of Kids Under Cover, which comprises the statement of financial position as at 30 June 2015, the statement of 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 directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Commissions Act 2012* and for 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Commissions Act 2012* and APES 110 110 Code of Ethics for Professional Accountants.



KIDS UNDER COVER  
ABN 76 604 592 013

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
KIDS UNDER COVER

*Opinion*

In our opinion, the financial report of Kids Under Cover is in accordance with the Division 60 of the *Australian Charities and Commissions Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Commissions Act 2012*.

M J HARRISON  
Partner  
16 October 2015

PITCHER PARTNERS  
Melbourne