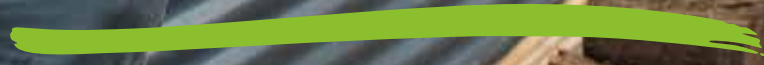




Building foundations
to prevent youth
homelessness



FINANCIAL REPORT 2018



FINANCIAL REPORT

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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:

C. Radford (Chair)
S. Davies
N. Popelianski
A. Tait
D. Tsorbaris
G. Liacos

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
Level 13
604 Collins Street
Docklands VIC 3008

DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entity, for the year ended 30 June 2018 and auditor's report thereon.

DIRECTORS' NAMES

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

Andy Coleman (resigned 16 November 2017)
 Colin Radford
 Sarah Davies
 Nathaniel Popelianski
 Alison Tait
 Deborah Tsorbaris
 George Liacos (appointed 20 June 2018)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

RESULTS

The deficit of the group for the year amounted to \$268,117.

REVIEW OF OPERATIONS

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

PRINCIPAL ACTIVITIES

The principal activities of the group during the year were:

- Provision of one and two bedroom studios
- Provision of scholarships
- Fundraising through gifts, donations, government and philanthropic grants, appeals, events and regular giving programs.

The company established a wholly owned entity, Nestd, in the year. Nestd is a social enterprise, constructing and selling architecturally designed small living spaces.

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

SHORT-TERM AND LONG-TERM OBJECTIVES AND STRATEGIES

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 for young people.

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

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.

AFTER BALANCE DATE EVENTS

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

MEETINGS OF DIRECTORS

DIRECTORS	BOARD MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Andy Coleman	3	1
Colin Radford	7	7
Sarah Davies	7	5
Nathaniel Popelianski	7	6
Alison Tait	7	7
Deborah Tsorbaris	7	6
George Liacos	1	1

MEMBERS GUARANTEE

The group is incorporated under the Corporations Act 2001 and is a group limited by guarantee. If the group 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 group. At 30 June 2018 the number of members was 6. The combined total amount that members of the group are liable to contribute if the group is wound up is \$6.

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



Colin Radford

Director

Date: 31 October 2018



Alison Tait

Director, Treasurer

AUDITOR'S DECLARATION



KIDS UNDER COVER AND CONTROLLED ENTITY
ABN 76 604 592 013

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

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Kids Under Cover and the entities it controlled during the year.



M J HARRISON

Partner



PITCHER PARTNERS

MELBOURNE

Date: 1 November 2018

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES
Andy Coleman [Resigned 16 November 2017]	Operations & Supply Chain Director at Coles Supermarkets Australia. Andy is a Chartered Management Accountant and holds an Economics Degree from Nottingham.	
Colin Radford	Chief Executive Officer at Victorian Managed Insurance Authority. Colin is a public sector specialist with more than 25 years working in and with government. Colin is currently a Director of the TAC and the Chair of Defence Reserves Support Council (Victoria).	Board Chair
Sarah Davies	Chief Executive Officer of Philanthropy Australia and Board Member of the Centre for Social Impact. Sarah has an extensive background in the tertiary education sector.	Remuneration Committee Chair
Nathaniel Popelianski	Partner at Corrs Chambers Westgarth, Nathaniel specialises in property law, has a Bachelor of Commerce, a Bachelor of Laws, has been in practice since 1997 and is national practice group leader of the Property & Infrastructure Practice.	Vice Chair
Alison Tait	Partner at PwC. Alison holds a Bachelor of Commerce, is a member of the Institute of Chartered Accountants and has over 15 years' experience working with ASX listed companies and large multinationals.	Finance, Audit and Risk Committee Chair
Deborah Tsorbaris	Chief Executive Officer at Centre for Excellence in Child and Family Welfare. In her previous roles, Deborah had worked as Director at Department of Health & Human Service and Chief Executive Officer at Council to Homeless Persons.	
George Liacos [Appointed 20 June 2018]	Managing Director at Spark Strategy, George is a strategic advisor to the social sector, corporates and Government. An entrepreneur with strong start up and digital background, he holds a MBA from Melbourne University, BEc from Sydney University and GAICD from the AICD.	

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
REVENUE AND OTHER INCOME			
Government funding		2,129,019	2,695,370
FUNDRAISING			
Donations and gifts		5,385,286	4,452,323
Bequests		57,664	447,809
Other		142,698	151,010
OTHER INCOME			
Sundry income		93,228	86,603
Investment income		119,608	110,582
Net gain on disposal of non-current assets		61,479	142,998
	2	7,988,982	8,086,695
LESS: EXPENSES			
Social Enterprise		(119,485)	-
Marketing and fundraising costs			
General marketing and fundraising		(1,329,621)	(1,131,327)
Donate Your Car®		(822,862)	(932,774)
Scholarship program costs		(381,468)	(488,133)
Studio program costs		(4,503,137)	(4,313,825)
Management and administration costs		(1,100,526)	(1,023,468)
		(8,257,099)	(7,889,527)
SURPLUS / (DEFICIT)		(268,117)	197,168
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Unrealised gain on restatement of financial assets to fair value		33,389	10,292
			-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		33,389	10,292
TOTAL COMPREHENSIVE INCOME		(234,728)	207,460

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	4	5,067,378	7,541,792
Receivables	5	403,407	463,392
Other financial assets	6	2,489,169	388,100
Other assets	7	339,665	161,084
TOTAL CURRENT ASSETS		8,299,619	8,554,368
NON-CURRENT ASSETS			
Intangible assets	8	32,755	-
Property, plant and equipment	9	6,554,369	7,518,107
TOTAL NON-CURRENT ASSETS		6,587,124	7,518,107
TOTAL ASSETS		14,886,743	16,072,475
CURRENT LIABILITIES			
Payables	10	672,909	1,320,677
Provisions	11	270,220	361,702
Other liabilities	12	242,720	462,049
TOTAL CURRENT LIABILITIES		1,185,849	2,144,428
NON-CURRENT LIABILITIES			
Provisions	11	82,344	74,769
TOTAL NON-CURRENT LIABILITIES		82,344	74,769
TOTAL LIABILITIES		1,268,193	2,219,197
NET ASSETS		13,524,371	13,853,278
EQUITY			
Reserves	13	2,957,136	2,190,030
Retained earnings		10,661,414	11,663,248
TOTAL EQUITY		13,618,550	13,853,278

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	CONTRIBUTED EQUITY \$	RESERVES \$	GENERAL FUNDS \$	TOTAL EQUITY \$
BALANCE AS AT 1 JULY 2016	-	1,526,053	12,150,387	13,626,440
Deficit for the year	-	-	197,168	197,168
Unrealised gain on restatement of financial assets to fair value	-	10,292	-	10,292
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	10,292	197,168	207,460
Transfers	-	653,685	(684,307)	30,622
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	-	-	-	-
BALANCE AS AT 1 JULY 2017	-	2,190,030	11,663,248	13,853,278
Deficit for the year	-	-	(268,117)	(268,117)
Unrealised gain on restatement of financial assets to fair value	-	33,389	-	33,389
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	33,389	(268,117)	(234,728)
Transfers	-	733,717	(733,717)	-
BALANCE AS AT 30 JUNE 2018	-	2,957,136	10,661,414	13,618,550

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

NOTE	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Grants and donations received	7,682,872	8,132,353
Payments to suppliers and employees	(5,870,641)	(4,512,477)
Interest received	119,608	110,582
Scholarships paid	(53,437)	(382,191)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,878,402	3,348,267
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	566,805	277,794
Payment for property, plant and equipment	(2,819,186)	(2,670,888)
Payment for investments	(2,067,680)	-
Payment for intangible assets	(32,755)	-
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	(4,352,816)	(2,393,094)
RECONCILIATION OF CASH		
Cash at beginning of the financial year	7,541,792	6,586,619
Net increase / (decrease) in cash held	(2,474,414)	955,173
CASH AT END OF FINANCIAL YEAR	5,067,378	7,541,792

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers Kids Under Cover and its consolidated 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 financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(A) BASIS OF PREPARATION OF THE FINANCIAL REPORT

Historical Cost Convention

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) INCOME TAX

No provision for income tax has been raised as the group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(C) REVENUE

Investment income

Investment income comprises of interest revenue and is recognised when it accrues.

In kind donations

Goods and services donated to the company are included at 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 disposals.

All revenue is measured net of the amount of goods and services tax (GST).

(D) CONTRIBUTIONS – GOVERNMENT GRANTS AND DONATIONS

A non reciprocal contribution or grant is recognised when the entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity, and the amount of the contribution or grant can be measured reliably.

If conditions attached to the contribution or grant that must be satisfied before the entity is eligible to receive the contribution, recognition of contribution or income is deferred until those conditions are met.

A non reciprocal donation is recognised when the right to receive a donation has been established.

When the entity receives grants but is obliged to give directly approximately equal value to the contributor, recognition of grant income will be deferred until the delivery of service.

(E) FINANCIAL INSTRUMENTS

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments are held.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable fair value performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Donated financial assets

Financial assets donated to the group are recognised at fair value at the date the group obtains the control of the assets.

(F) 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, 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.

Houses where the asset value is expected to be realised within the next 12 months, are considered assets

held for sale, and have been reclassified as such. Other houses remain classified as property, plant and equipment.

Studios

Studios are carried at deemed cost less, where applicable, accumulated depreciation and accumulated impairment losses.

All studios currently held, irrespective of funding source, are the property of the company.

Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation.

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:

CLASS OF FIXED ASSET	DEPRECIATION RATES	DEPRECIATION BASIS
Houses at cost	5%	Straight line
Studios at cost	25%	Straight line
Leasehold improvements at cost	33%	Straight line
Motor vehicles at cost	25%	Diminishing value
Office equipment at cost	5% 40%	Diminishing value
Display Stock		

(G) IMPAIRMENT

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable

amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Replacement costs are used to determine value in use.

(H) EMPLOYEE BENEFITS

(i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long term employee benefit obligations

The provision for other long term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long term employee benefit obligations are presented as non current liabilities in the consolidated statement of financial position.

(i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(j) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 consolidated statement of financial position are shown inclusive of GST.

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

(k) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(l) Economic dependency

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 2: REVENUE AND OTHER INCOME		
Grant funding:		
Government funding	2,129,019	2,695,370
Fundraising:		
Donations and gifts	5,385,286	4,452,323
Bequest	57,664	447,809
Other	142,698	151,010
	5,585,648	5,051,142
Other income		
Sundry Income	93,228	86,603
Investment income	119,608	110,582
Net gain on disposal of non-current assets	61,479	142,998
	274,315	340,183
	274,315	340,183
	7,988,982	8,086,695
NOTE 3: OPERATING SURPLUS		
Surplus / (deficit) has been determined after:		
Depreciation		
- houses & studios	3,277,598	3,145,499
- leasehold improvements	1,540	1,540
- motor vehicles	14,838	15,888
- office furniture and equipment	13,249	13,004
	3,307,225	3,175,931
Employee benefits	1,773,149	1,634,943
Net loss on disposal of non-current assets		
- Loss on sale of property, plant and equipment	343,186	408,977

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018 \$	2017 \$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	316	158
Cash at bank	5,067,062	7,541,634
	5,067,378	7,541,792
NOTE 5: RECEIVABLES		
CURRENT		
Trade debtors	117,170	332,162
Other receivables		
Accrued income	144,000	108,916
GST receivable	136,757	22,314
Other debtors	5,480	-
	286,237	131,230
	403,407	463,392
NOTE 6: OTHER FINANCIAL ASSETS		
CURRENT		
Available-for-sale financial assets		
Shares in listed corporations	2,489,169	388,100
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	48,139	36,325
Assets held for sale	291,526	124,759
	339,665	161,084
NOTE 8: INTANGIBLE ASSETS		
Website at cost	32,755	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018 \$	2017 \$
NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
Houses		
At cost	251,675	251,675
Accumulated depreciation	(163,590)	(151,006)
	88,085	100,669
Studios		
At cost	19,845,661	18,080,720
Accumulated depreciation	(13,649,448)	(10,766,386)
	6,196,213	7,314,334
Leasehold improvements		
At cost	4,620	4,620
Accumulated depreciation	(4,376)	(2,836)
	244	1,784
Total land and buildings	6,284,542	7,416,787
Plant and equipment		
Motor vehicles at cost	67,489	96,713
Accumulated depreciation	(24,820)	(27,526)
	42,669	69,187
Office equipment at cost	136,365	68,869
Accumulated depreciation	(48,579)	(36,736)
	87,786	32,133
	-	-
Display Stock	139,372	-
Total plant and equipment	269,827	101,320
Total property, plant and equipment	6,554,369	7,518,107

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018 \$	2017 \$
NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)		
(a) Reconciliations		
<i>Houses</i>		
Opening carrying amount	100,669	424,231
Disposals	-	(137,031)
Depreciation expense	(12,584)	(61,772)
Reclassified as held for sale	-	(124,759)
Closing carrying amount	88,085	100,669
<i>Studios</i>		
Opening carrying amount	7,314,334	7,669,717
Additions	2,610,045	3,048,289
Disposals	(450,568)	(461,549)
Depreciation expense	(3,277,598)	(3,083,727)
Reversal of relocation provision	-	141,604
Closing carrying amount	6,196,213	7,314,334
<i>Leasehold improvements</i>		
Opening carrying amount	1,784	3,324
Depreciation expense	(1,540)	(1,540)
Closing carrying amount	244	1,784
<i>Motor vehicles</i>		
Opening carrying amount	69,187	22,088
Additions	-	67,489
Disposals	(11,680)	(4,502)
Depreciation expense	(14,838)	(15,888)
Closing carrying amount	42,669	69,187
<i>Office equipment</i>		
Opening carrying amount	32,133	38,641
Additions	69,769	6,496
Disposals	(867)	-
Depreciation expense	(13,249)	(13,004)
Closing carrying amount	87,786	32,133

	2018 \$	2017 \$
NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)		
(a) Reconciliations (continued)		
<i>Other capital assets</i>		
Opening carrying amount	-	-
Additions	139,372	-
Closing carrying amount	139,372	-
NOTE 10: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	611,639	1,072,691
Sundry creditors and accruals	61,270	247,986
	672,909	1,320,677
NOTE 11: PROVISIONS		
CURRENT		
Employee benefits (a)	148,820	122,388
Scholarships	121,400	239,314
	270,220	361,702
NON CURRENT		
Employee benefits (a)	16,144	8,769
Scholarships	66,200	66,000
	82,344	74,769
(a) Aggregate employee benefits liability	164,964	131,157
NOTE 12: OTHER LIABILITIES		
CURRENT		
Grants received in advance	242,720	462,049
NOTE 13: RESERVES		
Studio program reserve	2,284,589	1,497,435
Scholarship program reserve	418,872	472,309
Scholarship endowment reserve	209,994	209,994
Fair value reserve	43,681	10,292
	2,957,136	2,190,030

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 13: RESERVES (CONTINUED)

Studio program reserve:

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

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.

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.

Fair value reserve:

The fair value reserve represents unrealised increments in the market value of the share portfolio received through the Bequest of Kathleen Allen.

	2018 \$	2017 \$
NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the group		
- short-term employee benefits	508,616	540,638
- post-employment benefits	46,410	50,742
	555,026	591,380

NOTE 15: 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.

2018 \$	2017 \$
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NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

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:

Payable	2018 \$	2017 \$
- not later than one year	180,569	153,457
- later than one year and not later than five years	381,706	12,819
	562,275	166,276

NOTE 17: MEMBERS' GUARANTEE

The parent entity 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 company. At 30 June 2018 the number of members was 6. The combined total amount that members of the company are liable to contribute if the company is wound up is \$6.

NOTE 18: COMPANY DETAILS

The registered office of the group is:
Kids Under Cover
383 Swan Street,
RICHMOND VIC 3121

DIRECTORS' DECLARATION

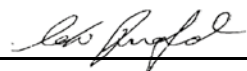
KIDS UNDER COVER AND CONTROLLED ENTITY
ABN 76 604 592 013


DIRECTORS' DECLARATION

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Director: 
Colin Radford

Director: 
Alison Tait

Dated this 31 day of October 2018

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

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN 76 604 592 013

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN 76 604 592 013

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

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- 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 Company'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 Company 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.



M J HARRISON
Partner

Date: 1 November 2018



PITCHER PARTNERS
MELBOURNE

THANK YOU

During 2017/18 our vision of a community where no young person is homeless was shared by so many.

On behalf of the young people and families we support, the team at Kids Under Cover sincerely thank all of our patrons, ambassadors, funders and donors. Thank you to all of our individual, community, philanthropic, corporate and government supporters, the generous organisations who provided Pro-bono services, our building crews, and every volunteer who gave their valuable time and skills to enable us to do what we do.

Founding Patron

- Ken Morgan OAM

Patrons

- Herb Elliot AC MBE
- Tommy Emmanuel AM
- Athol Guy AO
- Incolink
- Master Builders Association of Victoria
- Ian 'Molly' Meldrum AM
- The Honourable Martin Moynihan AO QC
- Daryl Somers OAM

Life Ambassadors

- Brian Chenu
- George Ermer
- Trevor Fasham
- David Lee

Foundation Partner

- Harris HMC

Platinum Partners

- BB & A Miller Foundation
- Brian and Virginia McNamee Foundation
- CARl Foundation
- Gandel Philanthropy
- The Grove Group
- Incolink
- Marian & E.H. Flack Trust

- Portland House Foundation
- Reinehr Family Foundation
- The Shine On Foundation
- Victorian State Government
- William Buckland Foundation

Gold Partners

- Choice Hotels Asia-Pac
- Eric and Elizabeth Gross Foundation
- Eva and Les Erdi Humanitarian Charitable Foundation
- Gravel Road Foundation
- Grenet Foundation
- Joe White Bequest
- Porter Davis
- Pitcher Partners
- Zinfra

Silver Partners

- A1 Office
- Barr Family Foundation
- Brian M Davis Charitable Foundation
- Campbell Edwards Trust
- Coca-Cola Australia Foundation
- Collier Charitable Fund
- Dulux Australia
- Jack and Ethel Goldin Foundation

- Jack Brockhoff Foundation
- Matana Foundation for Young People
- Millett Family Foundation
- Ortech Industries
- Percy Baxter Charitable Trust
- Pierce Armstrong Foundation
- Rondo Building Services Pty Ltd
- Samuel Nissen Charitable Foundation
- South East Water
- The Armour Endowment
- Vernon Foundation
- Vicki Standish Family Foundation

Bronze Partners

- Besen Family Foundation
- BP Australia
- BuildSafe Building Insurances
- Cassandra Gantner Foundation
- Commonwealth Bank Abbotsford & Richmond South
- DBM Consultants
- Dimmick Charitable Trust
- Flora & Frank Leith Charitable Trust
- Freemasons Public Charitable Foundation
- Goodridge Foundation
- Hecand Family Foundation
- IOOF Foundation Limited
- Jenkins Family Foundation
- Juliette Ward, Roger Taylor & Nick Taylor
- Kingfisher Charitable Trust
- Lord Mayor's Charitable Foundation – Youth in Philanthropy
- Macutex
- Morris Family Trust
- Newsboys Foundation
- Norman, Mavis & Graeme Waters Perpetual

- Charitable Trust
- Probuild Constructions Pty Ltd
- Suitters Foundation
- The Corbett Family
- Turosi Trust

Supporting Partners

- Angela Ciliberto
- AngryChair
- Australian Healthcare Associates
- BTC Markets Pty Ltd
- Building Inspections Australia
- BVN Architecture
- Capture Point Media
- CHE Proximity
- Click4Trades
- Conscious Creative
- Corrs Chambers Westgarth
- Datt Family Foundation
- Detector Inspector
- Devine Limited QLD
- Devine Limited SA
- Dina Grollo Community Fund
- Direct Response Media
- Education Services Australia Ltd
- EraseIT
- EstimateOne Pty Ltd
- First National Lazaridis & Yap
- Flew Foundation
- Geelong Community Foundation
- Golden Messenger
- Goodman Foundation
- Grin Creative
- Inner North Community Foundation
- Jack and Hedy Brent Foundation
- James Kennedy
- Link 21 Foundation
- Macpherson Kelley Foundation
- Man Inc
- Megagraphics Photography
- Melissa Ryan Princess Fund
- Myers Planning Group

- National Australia Bank
 - One Mile Grid
 - Online Permit Solutions Pty Ltd
 - Paulusz Family Foundation
 - Rae and Peter Gunn Family Foundation
 - Readings Foundation
 - Resource Architecture
 - Riis Strategic Consulting
 - Robson Giving Circle
 - Salesforce.org
 - Sensum
 - Shulu Foundation
 - Simonds Group
 - Springvale Homemaker Centre
 - Susan Harris Foundation
 - TAL Community Foundation
 - The District Docklands
 - The Master Painters Association of Vic Ltd
 - Uberbrand
 - Villawood
 - Westprecinct Holdings Pty Ltd
 - William Angliss (Vic) Charitable Fund
 - Wood Family Foundation
 - Wright Approach Marketing
- Choice Hotels Asia-Pac
 - Dulux Australia
 - Figurehead Construction
 - Harris HMC
 - iSell Group
 - Jam3d
 - Jellis Craig
 - Manheim
 - Master Builder Association of Victoria
 - McKern Steel
 - Melbourne International Flower & Garden Show
 - Nelson Alexander
 - NH Architecture
 - No Fuss Event Hire
 - Ortech Industries
 - Pitchcraft
 - Porter Davis
 - Rondo Building Services Pty Ltd
 - RT Edgar
 - Springvale Homemaker Centre
 - The District Docklands
 - Turosi Trust
 - Warners Nurseries
 - Watson Young
 - Woodards
 - World of Style by Porter Davis
 - Zinfra

Donate Your Car® Partners

- Australasian Fleet Management Association
- Banyule City Council
- Hume City Council
- Manheim
- Moreland City Council
- Kmart Tyre & Auto Service

Cubby House Challenge® Partners

- APM Group
- Bayley Ward
- Becon Constructions
- Beirin Projects
- Bellemo & Cat
- Buildher Collective
- Capture Point Media

Nestd

- ARKit
- Corrs Chambers Westgarth
- Grimshaw Architects
- Jam3d
- Maddison Architects
- NH Architecture
- Ortech Industries
- Pitcher Partners
- Ravida Homes
- Sensum
- Vaughan Construction
- World of Style by Porter Davis

HELP US MAKE A LASTING DIFFERENCE

There are a variety of ways to be involved in the work we do at Kids Under Cover. Without the support of like-minded people, we could not continue to pursue our vision of a community where no young person is homeless.



FUNDRAISE FOR US

There are many opportunities to fundraise for us throughout the year, from taking part in a fun run to holding your own event.
email: fundraise@kuc.com.au



REGULAR GIVING

Much like workplace giving, regular giving is a commitment to donate on a regular basis.
Call us to find out more.



MAKE A DONATION

Every donation, large and small, makes a difference. You can donate easily online at kuc.org.au OR call us 1800 801 633.



WORKPLACE GIVING

A regular, pre-tax donation straight from your pay is easy to setup and you receive tax benefits.



LEAVE A GIFT IN YOUR WILL

Choosing to leave a bequest is a lasting and generous legacy, which will benefit young people beyond your lifetime.



DONATE YOUR CAR®

Our Donate Your Car® program is free, tax-deductible, and a fast alternative to selling or trading your vehicle.
donateyourcar.org.au



CORPORATE BUILD PROGRAM

Build your team while building a brighter future for young people. For partners who fund a studio, Kids Under Cover can provide a unique team building experience for staff and other volunteers.



VOLUNTEERING OPPORTUNITIES

Volunteers are the backbone of many things we do throughout the year. Often we have opportunities to become involved as a volunteer at our events, in the office and at other community fundraising events.
email: volunteer@kuc.com.au

Find out more about our work and ways to get involved by visiting;
kuc.org.au | donateyourcar.org.au | boardforacause.org.au | nestdhomes.com.au



**Building foundations
to prevent youth
homelessness**



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**Phone (03) 9429 7444
Freecall 1800 801 633**



**kuc@kuc.org.au
kuc.org.au**



**PO Box 5141
Burnley VIC 3121**