MacKillop Family Services

Financial Report
2019–20

Resilience

Contents

MacKillop Family Services Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business is: 237 Cecil Street, South Melbourne, Victoria 3205.

A description of the nature of the Company's operations and its principal activities is included in the Directors' report on pages 5 to 12

ABN 79 078 299 288

MacKillop Family Services acknowledges Aboriginal* people as Australia's First Peoples and as the Traditional Owners and Custodians of the land on which we live, work and play. We pay our deep respects to Elders past and present and acknowledge all Aboriginal children, young people, families and staff who are a part of MacKillop Family Services. We embrace and commit to the spirit and work of self-determination and reconciliation.

** In this document, 'Aboriginal' refers to both Aboriginal and Torres Strait Islander peoples.*

We welcome lesbian, gay, bisexual, trans, queer, gender diverse, intersex and asexual (LGBTIQA+) people at our services. We pledge to provide inclusive and non-discriminatory services to LGBTIQA+ clients and are working towards obtaining the Rainbow Tick accreditation.

Company Particulars

Board of Directors

Mr Brian Keane (Chair)

Ms Kerry Brettell (Deputy Chair)

Mr David Beaver

Mr Matthew den Elzen

Ms Robyn Fry

Ms Sue-Anne Hunter –
joined Board on 13 November 2019

Dr Linda Mellors

Ms Anita Mueller

Dr Garry Nolan AM –
retired from Board on 13 November 2019

Sr Patrice Orchard –
retired from Board on 13 November 2019

Prof Peter Steane

Mr John Sutherland

Mr Gregory Thompson

Chief Executive Officer

Dr Robyn Miller
BSW, Grad Dip Fam Th, M. Fam Th, PhD.

Company Secretary

Mr Graham Boal
B Com (Accounting), ASA, FAICD

Registered Office

Address:	237 Cecil Street, South Melbourne, Victoria 3205
Telephone:	03 9699 9177
Facsimile:	03 9696 6496
Email:	enquiry@mackillop.org.au
Website:	www.mackillop.org.au

Solicitors

Pearce Webster Dugdales

Principal Bankers

Catholic Development Fund
and National Australia Bank

Auditors

Crowe Melbourne

Directors Report

The Directors have pleasure in presenting their report on the financial statements of MacKillop Family Services Ltd ('MacKillop' / 'the Company') for the year ended 30 June 2020, made out in accordance with a resolution of the Directors.

1. Directors

The Directors of the Company as at the date of this report are:

Name & Qualifications	Experience	Special responsibilities
Mr Brian Keane BEc, FCPA	Director, Retired. Over 40 years' experience in Finance and Information Services, including over 25 years in executive management roles. Now focused on providing expertise in these areas, especially in strategic risk and governance. Leadership roles in many transformation initiatives has provided experiences that assist in identifying good business practice and strategic opportunities.	**Chair** Member of the Governance Committee, member of the Finance and Investment Committee and member of the Property Major Projects Committee.
Ms Kerry Brettell BSW (Hons), MSocSci	Director, Ascot Vale Consulting. Over 40 years working as a social worker, organisational consultant, facilitator, supervisor, and executive coach in operational and governance leadership roles. Significant knowledge and experience in the delivery of out of home care, family, and children's services. Deep understanding of Catholic organisations including governance experience in Catholic social services and health and aged care.	**Deputy Chair** Convenor of the NSW Reference Group, member of the Governance Committee, member of the Ethos and Culture Committee convenor of the Quality and Research Committee for part of the year.
Mr David Beaver MBA, BSW, BA, Grad Dip of Counselling, Dip Teaching, GAICD	Over 30 years in leadership positions delivering child, family, mental health and employment services especially in rural and regional Victoria. Board governance experience on national and state bodies.	Christian Brothers Congregational Representative and convenor of the Quality and Research Committee.
Mr Matthew Paul den Elzen Bachelor of Business Management	Investment Manager for Scanlon Capital overseeing a portfolio of direct business interests, assisting investee companies with business planning and financial management and undertaking investment in debt and equity securities. Over 25 years' experience across investment management, strategy consulting and business roles.	Convenor of the Finance and Investment Committee and member of the Governance Committee.

Name & Qualifications	Experience	Special responsibilities
Ms Robyn Fry LLB., GDLP, GIA(Cert), GAICD	Lawyer practising for more than 30 years with over 20 years working in private and public sector general counsel and company secretary roles in healthcare, funds management and a government business enterprise. Over this time gaining extensive experience in the establishment, direction, and oversight of a broad range of governance frameworks, regulatory compliance functions, insurance portfolios, risk management and business continuity programs.	Convenor of the Governance Committee, member of the Ethics Committee and member of the Audit and Risk Committee.
Ms Sue-Anne Louise Hunter Grad Cert (Family Therapy), M Trauma Recovery, Harvard Medical School	Sector Development Manager SNAICC An Aboriginal woman who is strong in her culture and is a descendant from the Wurundjeri people. She is committed to self-determination, advocating for the rights of Aboriginal children, young people and families, and strengthening culture within Aboriginal families. Previously worked within the Aboriginal Child and Family Welfare Sector for 20 years and was the inaugural State-wide Principal Practitioner at VACCA. Is currently undertaking her Master of Social Work and recently completed her Master Certificate in Trauma & Recovery with Harvard Medical School. Has also completed her Graduate Certificate in Clinical Family therapy,	Member of the Quality and Research Committee.
Dr Linda Mellors BA, BSc (Hons), PhD (Med), Grad Cert (Health Serv Mgt), GAICD	Managing Director and Chief Executive Officer of Regis Healthcare Ltd. Extensive experience in Health and Human Services, Corporate Governance, Clinical Governance, Financial Management, strategy and leadership.	Member of the Quality and Research Committee for part of the year, member of the Finance and Investment Committee.
Ms Anita Meuller BA, Dip ED, Grad Dip Bus Mgt, GAICD	Human Resources Manager of ISMAPNG. Extensive experience in Human Resources & Policy development in the not-for-profit and corporate sectors. Previously a member of the Executive Team at MacKillop Family Services whilst Director of Human Resources and Ethos and Culture. Board Governance role at the Amberly Spirituality & Retreat Centre.	Sisters of St Joseph Congregational Representative and convenor of the Ethos and Culture Committee.

Name & Qualifications	Experience	Special responsibilities
Prof Peter Steane msc PhD, M.Ed, B.Theol, GDipEd, FAICD	Emeritus Professor Macquarie University's Graduate School of Management (MGSM). Three decades experience in Catholic ministry and Consulting in Australia and Asia Pacific. Professor of Strategy in various business schools. Research publications in Ethical Leadership and Strategic Management in Health and Public Services. Broad experience in governance; currently Chair of Trustees for Catholic Healthcare (Aged/Home Care) and Director on Council of Ministerial Public Juridic Persons.	Convenor of the Ethics Committee and member of the NSW Reference Group.
Mr John Sutherland Diploma in Business Studies, Chartered Accountant	Retired. Is currently a member of another board, and has previously held several other Board positions. Held the position of Chief Financial Officer in a variety of industries including engineering, construction, electricity and health. Many years of experience with expertise in finance, risk management, audit and strategy.	Convenor of the Audit and Risk Committee.
Mr Gregory Thompson BComm, BA, DFP, GAICD	Director, T-Group Services. Director Fraynework Multimedia. More than 20 years IT project management and consulting experience across highly regulated, complex stakeholder environments in utilities and infrastructure, financial services and not-for profit sectors.	Convenor of the Property Major Projects Committee and Member of the Finance and Investment Committee for part of the year.

2. Principal Activities and Objectives of the Company

The Company's principal activities are the provision of home based and residential care services, disability services, family support, preservation and therapy services, parenting services, youth support and outreach services, youth homelessness services, mental health services, educational services, organisational training and consultancy services, heritage and information services for former residents along with advocacy and research for vulnerable and disadvantaged children and young people and their families, utilising self-generated, federal and state government funding. The Company operates in the jurisdictions of Victoria, New South Wales, Australian Capital Territory and Western Australia.

We work for the rights of children, young people and families to be safe, to learn, feel nurtured and connected to culture. We are passionate about putting children first and working with the sector to bring abuse and neglect out of the shadows. Together, we put child wellbeing on the national agenda.

We believe in the rights of every child and young person to feel safe and be safe, particularly when they are in care.

These principal activities assist in achieving the short and long-term objectives of the Company by:

- providing services that assist disadvantaged children, young people and their families,
- managing funding to enable the organisation to meet its budgetary and fiscal responsibilities to ensure financial sustainability,
- develop and implement integrated systems which ensure compliance and regulatory requirements,
- ensure accountable and integrated processes and systems that prioritise the safety and wellbeing of children, families, volunteers, and staff.

Short Term Objectives of the Company (as detailed in its Operating Plan)

The Company has identified the following short-term objectives:

- to have a stable, trauma informed, culturally safe and supported workforce providing high quality services,
- provide educational environments which nurture confident and resilient children, who require a specialist learning environment, through access to quality education and support,
- continue to embed best practice in our out-of-home care and accommodation services and improve the transition of young people to hopeful futures,
- develop the research and evaluation agenda and implement findings to strengthen outcomes and build the evidence base for best practice,
- listen deeply and respond meaningfully to the voices and experience of the children, young people, families and carers,
- ensure there are robust and reliable systems in place, to enhance the quality and safety of the practice and the outcomes achieved by the children, young people and families,
- strengthen organisational and financial sustainability.

The Company has adopted the following strategies for achievement of these short-term objectives:

- embed through leadership, strong governance and professional development, a visible culture of child safety,
- attract, develop and retain the most capable and engaged workforce,
- strengthen the culture of continuous improvement and participation, through feedback from our service users, community and workforce,
- ensure we have robust, integrated systems in place to measure and increase the quality of our practice, adherence to regulatory standards and performance against targets,
- implement our Reconciliation Action Plan 2020-2022 and continue to listen deeply to the Aboriginal voice,
- proactively engage with Aboriginal Communities and Aboriginal Community Controlled Organisation's (ACCOs) to build respectful partnerships,
- continue to partner with ACCOs to action the transfer of care of Aboriginal children to Aboriginal agencies and promote self-determination,
- prioritise stringent financial oversight and adherence to budget from all operational and support services.

Long-Term Objectives of the Company (as detailed in its Strategic Plan)

The Company has identified the following long-term objectives:

- grow our Family Services - intervene earlier with families to keep children and young people safe at home and prevent them from experiencing harm,
- grow our Education Services – nurture confident and resilient children, who require a specialist learning environment, through access to quality education and support,
- promote accessible and inclusive services for all children, young people and families,
- continue to embed best practice in our out-of-home care and accommodation services and improve the transition of young people to hopeful futures,
- be an innovative and responsive leader by developing best practices and advocating for social justice,
- deepen our commitment to Aboriginal self-determination, reconciliation and cultural safety.

The Company has adopted the following strategies for achievement of these long-term objectives:

- the preparation of a 7-year strategic plan to communicate the organisation's objectives to the community, funding bodies, government and employees,
- preparation of an annual Corporate Operations Plan to maintain currency of actions to achieve objectives,
- to be the leading Sanctuary provider in Australia and to increase the provision of training on grief and loss via the Good Grief Service,
- the preparation of budget forecasting that considers future service delivery needs, infrastructure needs, employment costs and maintaining prudent levels of working capital,
- the preparation of a robust risk management framework with a focus on the safety of service users, staff, volunteers and the sustainability of the organisation.

Performance Measurement

The Company uses the following tools and systems to measure performance against our key performance indicators:

- analysis and interrogation of data in relation to the services provided to children and families by the organisation,
- systematic service reviews and research to measure quality and outcomes,
- consumer participation opportunities including client feedback,
- ongoing monitoring to ensure compliance with legislation, regulations, reporting requirements and policies,
- employee engagement surveys,
- agency register for suggestions for innovation and improvement of quality available to all staff,
- senior management and Board Finance and Investment Committee and Board Audit and Risk Committee oversight of operating budget performance; Board Quality and Research Committee overseeing all aspects of quality, research and evaluation,
- viewpoint, a regular survey of children and young people in out of home care,
- independent audits by QIP, Office of the Children's Guardian NSW, Ombudsman and state government departments,
- internal audit processes conducted periodically and systematically:
- collecting data on the range and reach of training programs, both internal and external such as Sanctuary and Good Grief.

3. Directors' Meetings

Director appointment and cessations dates, along with the number of Directors' meetings, committee and sub-committee meetings held during the financial year each Director held office and the number of meetings attended by each Director is given below. It should be noted that not all Directors are members of all committees.

	Date appointed	Date of cessation	Board meetings A	Board meetings B	Committee meetings C	Committee meetings D
Mr Brian Keane (Chair)	Aug 2015		7	7	12	12
Ms Kerry Brettell (Deputy Chair)	Nov 2012		7	7	9	8
Mr David Beaver	Nov 2017		7	6	4	3
Mr Matthew den Elzen	Nov 2016		7	7	11	10
Ms Robyn Fry	Nov 2015		7	7	11	11
Ms Sue-Anne Hunter	Nov 2019		5	1	2	0
Dr Linda Mellors	Nov 2018		7	5	4	4
Ms Anita Mueller	Nov 2017		7	7	4	4
Dr Garry Nolan AM	Nov 2010	Nov 2019	2	2	1	1
Sr Patrice Orchard rsm	Nov 2010	Nov 2019	2	2	2	2
Prof Peter Steane	Aug 2015		7	7	4	4
Mr John Sutherland	Nov 2018		7	7	3	3
Mr Gregory Thompson	Nov 2017		7	6	5	5

A – Board meetings held whilst a Director

B – Board meetings attended whilst a Director

C – Committee and sub-committee meetings held whilst a Director

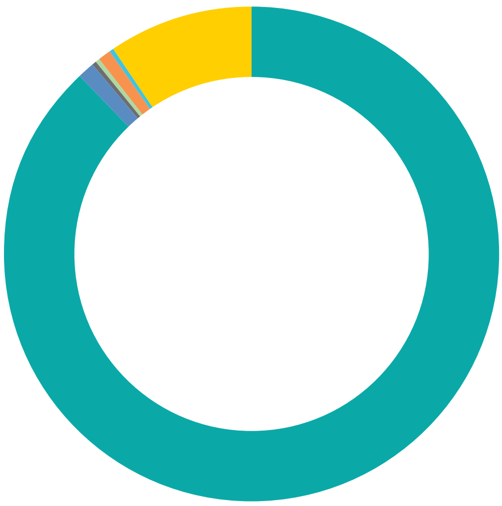
D – Committee and sub-committee meetings attended whilst a Director

4. Trading Results

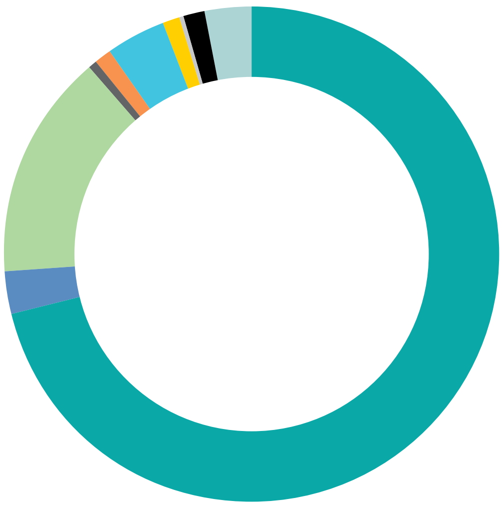
The Company recorded a gain from ordinary operating activities of $11,741,158 (2019: loss $2,261,089). Other income from non-ordinary activities, such as bequests, totals $297,600 (2019: $679,275), resulting in a net gain for the year of $12,038,758 (2019: loss $1,941,814).

The reported 'other comprehensive income' in the Statement of Comprehensive Income in the published financial report is the recorded gain or loss in MacKillop's equity holdings within its financial assets, which is yet to be realised. After taking into account the loss in revaluation of financial assets for the year of $848,335, the resulting total comprehensive income gain for the year is $11,190,424 (2019: loss $1,136,523).

The comprehensive surplus for the current year of $11.19m includes an extraordinary item of $23m being the transfer of the property at 237 Cecil St South Melbourne from the Catholic Archdiocese of Melbourne (see note 22). The $23m was reduced by the impairing of capital refurbishments at the site totalling $9.88m (see note 3(b)(iii)). Excluding this extraordinary item, the company would have recorded a loss of $1.93m.



Revenue	2020	2019
Government grants	88.0%	90.6%
Enterprise income	1.0%	0.9%
Bequests	0.2%	0.5%
Trust funds	0.5%	0.5%
Donations/fundraising	0.6%	0.7%
Investment income	0.5%	1.0%
Other income – includes transfer of assets from the Catholic Archdiocese of Melbourne and St Joseph Cowper, WorkCover recoveries, profit on sale of properties & vehicles, transfer of business and other minor income	9.2%	5.8%



Expenses	2020	2019
Employee benefits expense	71.5%	70.3%
Depreciation and amortisation expense	2.8%	2.7%
Client expense	14.7%	15.5%
Fundraising and volunteer expense	0.3%	0.3%
Occupancy expense	1.3%	2.3%
Property maintenance and equipment expense	3.8%	4.4%
Motor vehicle running expense	1.2%	1.2%
Audit and legal expense	0.1%	0.1%
Administration expense	1.5%	1.8%
Other expenses	2.8%	1.4%

5. Membership of the Company

The Company is incorporated as a Company limited by guarantee that requires the members of the Company to contribute $5 per member towards the Company liabilities on the winding up of the Company.

Membership Class	Number of Members	Individual Members Contribution on Winding Up of the Company	Total Members Contribution on Winding Up of the Company
Ordinary Members	3	$5	$15

6. Auditors Independence Declaration

A copy of the Auditors Independence Declaration as required under section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 9.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors:

Mr Brian Keane
Director
Melbourne Victoria
Date: 21 October 2020

Mr Matthew den Elzen
Director

Auditor Independence Declaration under 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012* to the Members of MacKillop Family Services Limited

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

1) No contraventions of the auditor independence requirements of the APES110 *Code of Ethics for Professional Accountants*; and
2) No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Melbourne

CROWE MELBOURNE

CGravenall

CASSANDRA GRAVENALL
Partner

Geelong Victoria
21 October 2020

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Melbourne, an affiliate of Findex (Aust) Pty Ltd.

Statement of Comprehensive Income for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue and other income			
Revenue from operating activities	*2(a)*	173,158,528	127,802,590
Revenue from contracts with customers	*2(b)*	1,607,436	1,239,505
Revenue from outside operating activities	*2(c)*	719,262	2,212,748
Revenue and other income		175,485,226	131,254,843
Expenditure			
Employee benefits expense		92,307,932	81,269,220
Other employment expenses		17,566,046	12,976,464
Depreciation and amortisation expense	*3(b) (i)*	4,336,094	3,561,128
Client expense		22,653,238	20,750,244
Fundraising and volunteer expense		457,301	337,221
Occupancy expense		2,057,808	3,082,127
Property maintenance and equipment expense		5,919,278	5,826,713
Motor vehicle running expense		1,861,288	1,624,345
Audit and legal expense		116,088	158,402
Administration expense		2,338,879	2,459,995
Other expenses	*3(b)(iii)-(iv)*	14,130,116	1,830,073
Expenditure		**163,744,068**	**133,875,932**
Surplus / (loss) from ordinary activities		**11,741,158**	**(2,621,089)**
Other income	*2(d)*	297,600	679,275
Net surplus / (loss) for the year	*13(a)*	**12,038,758**	**(1,941,814)**
Other comprehensive income			
Net (loss) / gain on revaluation of financial assets		(848,335)	805,291
Other comprehensive income (loss) / gain for the year		**(848,335)**	**805,291**
Total comprehensive income gain / (loss) for the year		**11,190,424**	**(1,136,523)**

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

Statement of Financial Position as at 30 June 2020

	Note	2020 $	2019 $
Current Assets			
Cash and cash equivalents	*5*	8,582,616	3,939,371
Trade and other receivables	*6(a)*	4,070,605	4,614,705
Inventory	*6(b)*	85,281	79,961
Prepayments	*6(c)*	287,053	322,038
Financial assets	*7*	3,000,000	4,000,000
Total Current Assets		**16,025,555**	**12,956,075**
Non-Current Assets			
Financial assets	*7*	12,313,201	15,680,903
Sub-lease asset	*6(d)*	90,139	-
Property, plant and equipment	*8*	55,549,460	42,889,396
Non-current asset held for sale	*8(c)*	1,311,954	1,148,241
Right of use assets	*8(d)*	12,500,622	-
Intangible assets	*9*	4,691,313	4,304,563
Total Non-Current Assets		**86,456,689**	**64,023,102**
Total Assests		**102,482,244**	**76,979,177**
Current Liabilities			
Trade and other payables	*10*	7,758,873	6,425,060
Lease Liabilities	*12(b)(i)*	1,573,630	-
Current provisions	*11*	8,499,455	7,324,289
Other	*12(a)*	9,973,669	11,417,870
Total Current Liabilities		**27,805,627**	**25,167,219**
Non-Current Liabilities			
Non-current provisions	*11*	3,204,294	1,600,970
Lease Liabilities	*12(b)(ii)*	10,921,284	-
Total Non-Current Liabilities		**14,125,578**	**1,600,970**
Total Liabilities		**41,931,205**	**26,768,189**
Net Assets		**60,551,039**	**50,210,988**
Equity			
Contributed funds reserve		23,481,100	23,481,100
Trust funds reserve		3,714,183	3,714,183
Innovation funds reserve		50,099	45,379
Financial assets reserve		506,437	3,655,124
Retained earnings		32,799,220	19,315,202
Total Equity		**60,551,039**	**50,210,988**

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 2020

	Contributed Funds Reserve $	Trust Funds $	Innovation Funds Reserve $	Financial Assets Reserve $	Retained Earnings $	Total $
Balance at 30 June 2018	23,481,100	3,714,183	45,379	3,565,146	20,541,703	51,347,511
Loss attributable to the entity	-	-			(1,941,814)	(1,941,814)
Transfer of gains on disposal of investments	-	-	-	(715,313)	715,313	-
Other comprehensive income gain	-	-	-	805,291	-	805,291
Balance at 30 June 2019	**23,481,100**	**3,714,183**	**45,379**	**3,655,124**	**19,315,202**	**50,210,988**
Surplus attributable to the entity	-	-	-	-	12,038,758	12,038,758
Transfers in / (out)	-	-	4,720	-	-	4,720
Transitional Adjustment on adoption of AASB16	-	-	-	-	(855,092)	(855,092)
Transfer of gains on disposal of investments	-	-	-	(2,300,352)	2,300,352	-
Other comprehensive income loss	-	-	-	(848,335)	-	(848,335)
Balance at 30 June 2020	**23,481,100**	**3,714,183**	**50,099**	**506,437**	**32,799,220**	**60,551,039**

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

Note: The nature and purpose of the above funds and reserves are:

A. Contributed Funds
Contributed Funds are the assets that were transferred to MacKillop by the Founding Agencies upon the commencement of MacKillop Family Services or were assets (or proceeds from the later sale of assets) that the Founding Congregations distributed at a later date.

B. Trust Funds
Trust Funds are the cash funds that were transferred to MacKillop by the Founding Agencies upon the commencement of MacKillop Family Services.

C. Innovation Funds Reserve
This reserve holds distributions set aside to fund new and innovative services to vulnerable families.

D. Financial Assets Reserve
This reserve recognises and records fair value changes in FVOCI investments.

Statement of Cash Flows for the year ended 30 June 2020

	Note	2020 $ Inflows (Outflows)	2019 $ Inflows (Outflows)
Cash Flows From Operating Activities			
Receipts from government and other		159,640,353	141,134,387
Payments to suppliers and employees		(152,783,340)	(139,099,377)
Dividends received		384,286	647,257
Interest received		342,345	499,766
Interest paid		(490,166)	-
Net cash provided by operating activities	*13(a)*	**7,093,477**	**3,182,033**
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(5,612,695)	(10,633,434)
Payment for intangible assets		(892,228)	(806,596)
Proceeds from sale of property, plant and equipment		1,906,411	1,964,581
Proceeds from sale of financial assets		3,519,368	5,591,583
Proceeds from business combination		-	20,488
Net cash used in investing activities		**(1,079,144)**	**(3,863,378)**
Cash Flows From Financing Activities			
Repayment of Lease Liabilities		(1,371,088)	-
		(1,371,088)	**-**
Net increase/(decrease) in cash and cash equivalents		4,643,245	(681,345)
Cash and cash equivalents at beginning of year		3,939,371	4,620,716
Cash and cash equivalents at end of year		**8,582,616**	**3,939,371**

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

Notes to and forming part of the financial statements for the year ended 30 June 2020

The financial statements are for MacKillop Family Services Limited ('MacKillop' / 'the Company') as an individual entity, incorporated and domiciled in Australia. MacKillop is a Company limited by guarantee.

Note 1 Statement of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and associated regulations, the requirements of Section 60.40 of the Australian Charities and Not-for-profits Commission Regulations 2013 (ACNC Regulations), the Charites and Not-for-profits Commission Act 2012 and the Corporations Act 2001, as appropriate for not-for-profit orientated entities. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards. The amounts presented in the financial statements have been rounded to the nearest dollar.

New, revised or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The impact of the adoption of these Accounting Standards and Interpretations is discussed below. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the company.

AASB 15 Revenue from Contracts with Customers
The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases
The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for Lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax Depreciation and Amortisation) results improve as the operating expense is now replace by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for Profit Entities
The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for Not-for-Profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest, or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector Not-for-Profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption
AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact on opening retained earnings as at 1 July 2019 is $855,092. There was no impact on opening retained surpluses as at 1 July 2019 as a result of the adoption of AASB 15 and AASB 1058.

The following is a reconciliation of total lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

Operating lease commitments disclosed as at 30 June 2019	$4,943,395
Add: adjustments as a result of different treatment of extension options	$8,617,469
Less: short term leases not included in the lease liability at 1 July 2019	($136,286)
Discounted using the company incremental borrowing rate of 4.10%	($2,705,498)
	$10,719,080

Founding Agencies

MacKillop is responsible for the works previously conducted by the following Founding Agencies:

i. Christian Brothers' Child, Youth and Family Services, Footscray which included:
  - **a.** St Augustine's Adolescent and Family Services, Whittington
  - **b.** St Joseph's Homes for Children, Flemington
  - **c.** St Vincent's Boys Home, South Melbourne

ii. Mercy Family Care Centre, North Geelong
iii. St Vincent de Paul Child and Family Services, Black Rock
iv. St Anthony's Family Service, Footscray
v. St Joseph's Babies and Family Services, Glenroy

Since commencement of operations, MacKillop has become responsible for continuing the works of the following organisation:

i. Edmund Rice Community Services, NSW
ii. Cara Incorporated, Victoria (East)
iii. MacKillop Rural Community Services Limited (NSW)
iv. St Joseph's Cowper Limited (NSW)
v. Good Grief Limited (NSW)
vi. South West Emergency Care of Children (WA)

On formation, MacKillop acquired the net assets of the Founding Agencies. Land and buildings which MacKillop utilises were not acquired, although the use of these premises is made available at no cost by each of the Congregations.

Notes to and forming part of the financial statements for the year ended 30 June 2020

(b) Income Tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

(c) Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods and services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Grants
Grant revenue is recognised in profit and loss when the company satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Investments
Gain or loss in market value of investments and franking credits are recognised at fair values at the end of the financial year.

Sale of products
Training, programs and publications are recognised when received or receivable.

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

Donations
Donations are recognised at the time the pledge is made.

Other revenue
Other revenue including bequest, trust and fundraising income is recognised when it is received or when the right to receive payment is established.

Volunteer services
The company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources is also not recognised.

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

(d) Business Combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(e) Cash and Cash Equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows, is reconciled to the related item in the statement of financial position.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and Other Receivables

Terms of payment are generally fourteen days from the date of the invoice. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(g) Property, Plant and Equipment

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

Acquisition

Assets are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition, plus costs incidental to acquisition.

Non-monetary assets received in the form of grants or donations are recognised as assets and revenues at their fair value at the date of receipt.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of items of property, plant and equipment other than freehold land over their expected useful lives. The depreciation rates are:

Equipment	-	15% to 33%
Furniture, fixtures and fittings	-	10% to 15%
Motor vehicles	-	15% to 20%
Buildings	-	2% to 5%
Right of use assets	-	lease term

Assets are depreciated from the date of acquisition.

Notes to and forming part of the financial statements for the year ended 30 June 2020

(h) Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

(i) Intangible assets

Intangible assets acquired separately are initially recognised at cost.

Software

Development costs for internally generated intangible assets i.e. software products that are identifiable and unique will be capitalised, where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software product and use or sell it,
- there is an ability to use or sell the software product,
- it can be demonstrated that the asset will probably generate future economic benefits; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs capitalised in relation to software development may relate to either:

- completely separable software; or
- enhancements of existing software which are clearly identifiable as new modules within the system or new features which enable the asset to generate additional future economic benefit. This excludes the ongoing maintenance to the existing software.

Directly attributable costs that are capitalised as part of the software product include the external consultant costs.

Licences

The licence value is the capital contribution to building works amortised on straight line method over life of the licence.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. Software products are amortised on straight line basis over its useful life i.e. six years. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(j) Impairment of Non-Current Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) Accounting for Leases

Prior to 1 July 2019
Lease payments for operating leases where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

From 1 July 2019
Refer to note 1(a) for accounting policy applicable.

(l) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and subsequent measurement
Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:
- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets
Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as bank bills that were previously classified as held-to-maturity under AASB 139.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes income securities and investments in equities with fund managers that were previously classified as 'available-for-sale' under AASB 139.

(l) Financial Instruments (continued)

Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

De-recognition of Financial Assets

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised when the related obligations are discharged or cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to MacKillop prior to the end of the financial year. The amounts are unsecured and are usually paid within thirty days of recognition. Due to their short-term nature they are measured at amortised cost and are not discounted.

(n) Contract Liabilities

Contract liabilities represent the company's obligation to transfer goods and services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

(o) Provisions

Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits, plus related on-costs. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on Australian Corporate bonds with terms to maturity that match the expected timing of cash flows.

(o) Provisions (continued)

Annual Leave and Accrued Time-Off

Most annual leave and all accrued time-off are expected to be settled within one year of the balance date. Some annual leave is expected to be taken after one year and has been discounted in the year end provision.

All annual leave and accrued time-off are treated as short-term provisions.

Long Service Leave

Long service leave is based on MacKillop's Enterprise Based Agreements along with other workplace agreements and contracts and the Victorian Long Service Leave Act where applicable.

Liabilities for unconditional employee entitlements are classified as current liabilities, regardless of when they are expected to be settled. Liabilities for employee entitlements that are still conditional on vesting requirements are classified as non-current liabilities.

Makegood Provision

Provisions for makegood are recognised when MacKillop has a present (legal or constructive) obligation as a result of entering into a lease contract to restore the premises to its original condition upon expiry of the lease, it is probable MacKillop will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation to makegood. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(p) Superannuation Funds

MacKillop contributes to various employee superannuation funds. The contributions are expensed in the period in which they are incurred.

(q) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

Cash flows arising from the GST are grossed up in the Cash Flow Statement. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

(r) Comparatives and Prior Year Adjustments

Comparatives have been adjusted to conform to changes in presentation (if any) in the current financial year where required by the Accounting Standards.

(s) Economic Dependence

MacKillop is dependent on the Department of Health and Human Services for the majority of its State government funding used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support MacKillop.

(t) Critical Accounting Estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to and forming part of the financial statements for the year ended 30 June 2020

(t) Critical Accounting Estimates and judgments (continued)

Key estimates

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of FVOCI financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income. Any subsequent reversal of an impairment loss is not reversed through the statement of comprehensive income.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Key judgments

FVOCI Investments

The Company maintains a portfolio of securities with a carrying amount of $12,313,201 at the end of the reporting period. Certain Individual investments have increased in value. Should share values decline to an unacceptable level below cost or should prices remain at levels below cost for a lengthy period, the directors have determined that such investments will be considered impaired in the future.

(u) Members' Liability on Winding Up

The liability of the members of the Company is limited.

According to clause 7 of the Company's Constitution, each member of the Company undertakes to contribute to the property of the Company in the event of the same being wound up while the person is a member, for payment of the debts and liabilities of the Company, and the costs, charges, and expenses of winding up and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, but not exceeding five dollars ($5).

At 30 June 2020, there were three members of the Company.

Note 2	Revenue		Note	2020 $	2019 $
(a)	**Revenue from operating activities**				
	Government grants	State		140,505,107	116,092,038
		Commonwealth		5,457,464	3,400,539
		Other		43,909	47,603
				146,006,480	119,540,180
	Trust funds			759,172	625,772
	Donations / fundraising			1,055,700	883,585
	Property and other transfers		22	23,009,462	3,407,261
	Net assets from transfer of business(s)		21	-	20,488
	Other			2,327,714	3,325,304
				173,158,528	**127,802,590**
(b)	**Revenue from contracts with customers**				
	Sale of products			**1,607,436**	**1,239,505**

Note 2	Revenue (continued)	Note	2020 $	2019 $
(c)	**Revenue from outside the operating activities**			
	Dividends from Equity Funds		384,286	647,257
	Interest - other persons		297,521	473,811
	Franking credits		108,551	204,874
	Realised gain on sale of investment		96,347	-
	(Loss) / gain on disposal of property, plant and equipment	3 (a)	(167,443)	886,806
			719,262	2,212,748
			175,485,226	**131,254,843**
(d)	**Other Income**			

Other income is unbudgeted income received outside MacKillop's normal activities and is capital in nature. This income is used to fund capital works or is invested, and the income received used to fund new innovative services or the ongoing works of MacKillop.

	Significant Items from Ordinary Activities		
	Bequest income	**297,600**	**679,275**

Note 3 Operating Surplus

Net gains and expenses

Surplus from ordinary activities includes the following specific net gains and expenses

(a)	**Net (loss)/ gain**		
	Disposal of property, plant and equipment		
	Disposal proceeds	1,906,411	1,964,581
	Carrying value	(2,073,854)	(1,077,775)
	(Loss) / gain on disposal of property, plant and equipment	**(167,443)**	**886,806**
(b)	**Expenses**		
	(i) Depreciation and amortisation		
	Buildings and improvements	1,169,410	949,698
	Plant and equipment	2,661,207	2,264,461
	Intangible assets	505,477	346,969
	Total	**4,336,094**	**3,561,128**
	(ii) Operating lease rentals		
	Lease payments	**874,069**	**2,367,600**
	(iii) Impairment of assets	**9,884,446**	-
	(iv) Right of use assets depreciation	**1,832,278**	-

Note 4 Auditor's Remuneration

Auditing the financial report	**30,800**	**32,300**
Audit of program acquittals	**18,000**	**16,200**

Note 5 Cash and Cash Equivalents

Current		
Cash at bank and on hand	**8,582,616**	**3,939,371**

Notes to and forming part of the financial statements for the year ended 30 June 2020

Note 6	Other Assets and Receivables	Note	2020 $	2019 $
(a)	**Trade and Other Receivables**			
	Current			
	Accrued income		1,158,547	1,879,975
	Contract assets		2,116,916	-
	Other		795,142	2,734,730
			4,070,605	**4,614,705**
(b)	**Inventory**			
	Current			
	Stocks - Good Grief		81,787	77,529
	Postage		3,494	2,432
			85,281	**79,961**
(c)	**Prepayments**			
	Current			
	Other Assets		**287,053**	**322,038**
(d)	**Sub-Lease Assets**			
	Non-Current			
	Other assets		**90,139**	**-**

Note 7 Financial Assets

Current		
Amortised cost investments		
(a) Term deposits	**3,000,000**	**4,000,000**
Non-Current		
FVOCI investments		
(b) Income securities	487,632	496,378
(c) Investment in equities with fund managers	11,825,569	15,184,525
	12,313,201	**15,680,903**
FVOCI financial assets		
Shares in listed corporations at fair value:		
Balance at the beginning of the year	15,680,903	18,467,195
Purchases	-	4,250,000
Disposal of investment	(2,903,653)	(8,488,840)
Dividends reinvested	384,286	647,257
Fair value remeasurement (loss) / gain	(848,335)	805,291
Balance at the end of the year	**12,313,201**	**15,680,903**

FVOCI financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Note 8 Property, Plant and Equipment

		Note	2020 $	2019 $
	Non-Current			
	At cost and accumulated depreciation			
(a)	**Land and improvements**			
	At cost		**31,098,763**	**9,317,400**
	Buildings and improvements			
	At cost		19,502,933	29,484,884
	Less accumulated depreciation		4,445,453	5,264,714
			15,057,480	**24,220,170**
	Plant and equipment			
	At cost		17,702,707	16,193,341
	Less accumulated depreciation		8,309,490	6,841,515
			9,393,217	**9,351,826**
	Total		**55,549,460**	**42,889,396**

(b) **Reconciliation of the carrying amount at the beginning and end of the current financial year:**

	Land $	Buildings $	Plant and equipment $	Total $
Net carrying amount at 30 June 2018	**7,595,400**	**21,430,108**	**6,616,581**	**35,642,089**
Additions	2,495,000	4,457,814	5,734,667	12,687,481
Disposals	(273,000)	(69,814)	(734,961)	(1,077,775)
Transfer of land and buildings to non-current asset held for sale	(500,000)	(648,240)	-	(1,148,240)
Depreciation	-	(949,698)	(2,264,461)	(3,214,159)
Net carrying amount at 30 June 2019	**9,317,400**	**24,220,170**	**9,351,826**	**42,889,396**
Additions	22,650,000	2,591,092	3,371,603	28,612,695
Disposals	(50,000)	(206,609)	(669,005)	(925,614)
Property impairment	-	(9,884,446)	-	(9,884,446)
Transfer of land and buildings to non-current asset held for sale	(818,637)	(493,317)	-	(1,311,954)
Depreciation	-	(1,169,410)	(2,661,207)	(3,830,617)
Net carrying amount at 30 June 2020	**31,098,763**	**15,057,480**	**9,393,217**	**55,549,460**

		2020 $	2019 $
(c)	**Non-current asset held for sale**		
	Non-current		
	Land and buildings	1,311,954	1,148,241
		1,311,954	**1,148,241**
(d)	**Right of use assets**		
	Non-current		
	Right of use assets	17,251,235	-
	Accumulated depreciation	(4,750,613)	-
		12,500,622	**-**

Notes to and forming part of the financial statements for the year ended 30 June 2020

Note 9	Intangible Assets	Note	2020 $	2019 $
	Non-current			
	At cost		5,901,336	5,009,108
	Less accumulated amortisation		(1,210,023)	(704,546)
			4,691,313	**4,304,562**

	Software $	Licenses $	Total $
Net carrying amount at 30 June 2019	**1,846,225**	**2,458,337**	**4,304,562**
Additions	892,228	-	892,228
Amortisation	(421,912)	(83,565)	(505,477)
Net carrying amount at 30 June 2020	**2,316,541**	**2,374,772**	**4,691,313**

Note 10 Trade and other payables

		2020 $	2019 $
	Current		
	Trade creditors	3,042,336	2,645,980
	Other creditors	4,716,537	3,779,080
		7,758,873	**6,425,060**

Note 11 Provisions

	2020 $	2019 $
Current provisions		
Employee Benefits		
Long service leave		
Unconditional and expected to settle within 12 months (nominal value)	2,835,147	2,446,220
Annual leave and purchased leave		
Unconditional and expected to settle within 12 months (nominal value)	4,599,193	3,884,163
Unconditional and expected to settle after 12 months (present value)	890,494	775,380
Time in lieu		
Unconditional and expected to settle within 12 months (nominal value)	174,621	**218,526**
Total current provisions	**8,499,455**	**7,324,289**

Note 11 Provisions (continued)

		Note	2020 $	2019 $
	NON-CURRENT PROVISIONS			
	Employee Benefits			
	Long service leave			
	Conditional and expected to settle after 12 months (present value)		1,792,165	1,600,970
	Makegood provision			
	Makegood expected to settle after 12 months (present value)		1,412,129	-
	Total non-current provisions		**3,204,294**	**1,600,970**

Note 12 Other and lease liabilities

			2020 $	2019 $
(a)	**Other Liabilities**			
(a) (i)	**Current**		**9,973,669**	**11,417,870**
	Unexpended income and government grants		**9,973,669**	**11,417,870**
(b)	**Lease Liabilities**			
(b) (i)	**Current**			
	Land and buildings		**1,573,630**	**-**
	Non-Current			
	Land and buildings		**10,921,283**	**-**

Note 13 Cash flow information

			2020 $	2019 $
(a)	**The operating surplus / (loss) is reconciled with net cash flows from operating activities as follows:**			
	Operating surplus / (loss)		12,038,758	(1,941,814)
	Adjustment for non-cash items:			
	Depreciation		4,336,094	3,561,128
	Write down of intangibles		-	57,000
	Impairment of assets		9,884,446	-
	Repayment of lease liabilities		1,832,278	-
	Net gain / (loss) on disposal of property, plant and equipment		167,443	(886,806)
	Gain arising from business combination		-	(20,488)
	Funds transferred from Innovation Reserve Fund		4,720	-
	Transfer of properties from St Joseph's Cowper		-	(1,040,000)
	Transfer of properties from the Catholic Archdiocese of Melbourne		(23,000,000)	-

Note 13 Cash flow information (continued)

	Note	2020 $	2019 $
Changes in operating assets and liabilities:			
Increase in provisions for employee entitlements		1,366,361	1,666,323
Increase / (decrease) in payables		1,333,813	(627,022)
(Decrease) / increase in unexpended income and government grants		(1,444,201)	1,559,028
Decrease in receivables		538,780	937,695
Decrease / (increase) in prepayments		34,985	(83,010)
Net cash flows from operating activities		**7,093,477**	**3,182,033**

Note 14 Related party transactions

(a) **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	2020 $	2019 $
Key management personnel compensation	**2,363,846**	**2,646,522**

(b) **Related parties**

The Directors of the Company and key management personnel were the only related parties.

During the year there were no financial transactions with related parties other than disclosed in Note 14(a) above

(c) **Directors' remuneration**

The Directors of the Company have received no benefits during the financial year for the performance of their duties as directors apart from reimbursement of expenses incurred to attend meetings.

Note 15 Operating lease commitments

	2020 $	2019 $
Rental commitments of properties under non-cancellable lease payable:		
• not later than one year and/or low value	328,846	2,322,589
• later than one year but not later than five years	-	2,620,806
	328,846	**4,943,395**

Note 16 Segment information

(a) **Industry**
MacKillop operates in the sole area of providing welfare and education services for vulnerable children, young people and their families.

(a) **Geographical**
MacKillop currently operates in Victoria, New South Wales, Western Australia and Australian Capital Territory.

Note 17 Capital commitments

	Note	2020 $	2019 $

The Company entered into a contract to purchase a residential property at 120 Wilton Park Road Wilton NSW for $1.975m which settled on 28 August 2020.

Note 18 Contingent liabilities

Following the Royal Commission into Institutional Responses to Child Sexual Abuse, MacKillop is registered with the National Redress Scheme which means it is liable to fund either fully or partially any claims approved under the scheme that impact on MacKillop. Given there is very little data on the potential claims and the subsequent liability, MacKillop is not able to quantify the potential liability, if any.

MacKillop currently has a number of court matters occurring that are being managed by its insurer and their appointed Lawyers. Given there has been no decisions in the matters and the outcomes are unknown MacKillop is not able to quantify the potential liability, if any.

Note 19 Events subsequent to reporting date

The financial report was authorised for issue on 21 October 2020 by resolution of the Board of Directors.

MacKillop has been successful in a tender with the Department of Health and Human Services to deliver family preservation and reunification services across nine areas of Victoria. The contract price is approximately $10m.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been no material financial impact on the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 20 Financial risk management

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

The carrying amounts of each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial assets			
Cash and cash equivalents	*5*	8,582,616	3,939,371
Trade and other receivables	*6 (a)*	4,070,605	4,614,705
Investments at amortised cost	*7*	3,000,000	4,000,000
FVOCI financial assets	*7*	12,313,201	15,680,903
Total financial assets		**27,966,422**	**28,234,979**

Note 20 Financial risk management (continued)

	Note	2020 $	2019 $
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	*10*	7,758,873	6,425,060
Total financial liabilities		7,758,873	6,425,060

Fair values

(1) For Listed FVOCI financial assets the fair values have been based on closing quoted bid prices at the end of the reporting period.

In determining the fair values of the unlisted FVOCI financial assets, the Directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Note 21 Gain arising from business combination

On 1 December 2018, the business operations of South West Emergency Care for Children Inc in WA, was transferred into MacKillop.

The following table shows the provisional assets acquired, provisional liabilities assumed and the purchase consideration at the transfer date.

	2020 $	2019 $
Business combinations		
Cash at bank	-	20,488
Total net identifiable assets	-	20,488
Identifiable assets acquired and liabilities assumed	**-**	**20,488**
Purchase consideration	-	-
Less net identifiable assists	**-**	**20,488**
Bargain purchase gain/discount on acquisition	**-**	**20,488**

Note 22 Property and other transfers

The Catholic Archdiocese of Melbourne (CAM) transferred the property title for 237 Cecil Street South Melbourne to MacKillop in June 2020. The property was previously held in trust by CAM on behalf of MacKillop. The property was valued by a commercial property valuer at $23m.

Directors' Declaration

MacKillop Family Services Limited

ABN 79 078 299 288

30 June 2020

The Directors declare that in their opinion:

(a) the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

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

Signed in accordance with a resolution of the Directors made pursuant with subsection 60.15 (2) of the Australian Charities and Not-for-profits Commission Regulations 2013.

On behalf of the Directors:

Mr Brian Keane
Director
Melbourne Victoria
Date: 21 October 2020

Mr Matthew den Elzen
Director

Independent Auditor’s Report

To the Members of MacKillop Family Services Ltd

Opinion

We have audited the financial report of MacKillop Family Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies, and the Directors’ declaration.

In our opinion, the accompanying financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001*, including:

(a) giving a true and fair view of the Company’s financial position as at 30 June 2020 and of its financial performance and cash flows for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Company’s Directors’ Report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the Corporations Act 2001 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.

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

The Directors 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 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.
- 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.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company’s audit. We remain solely responsible for our audit opinion.

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.

Crowe Melbourne

CROWE MELBOURNE

CGravenall

CASSANDRA GRAVENALL
Partner

Geelong Victoria
21 October 2020

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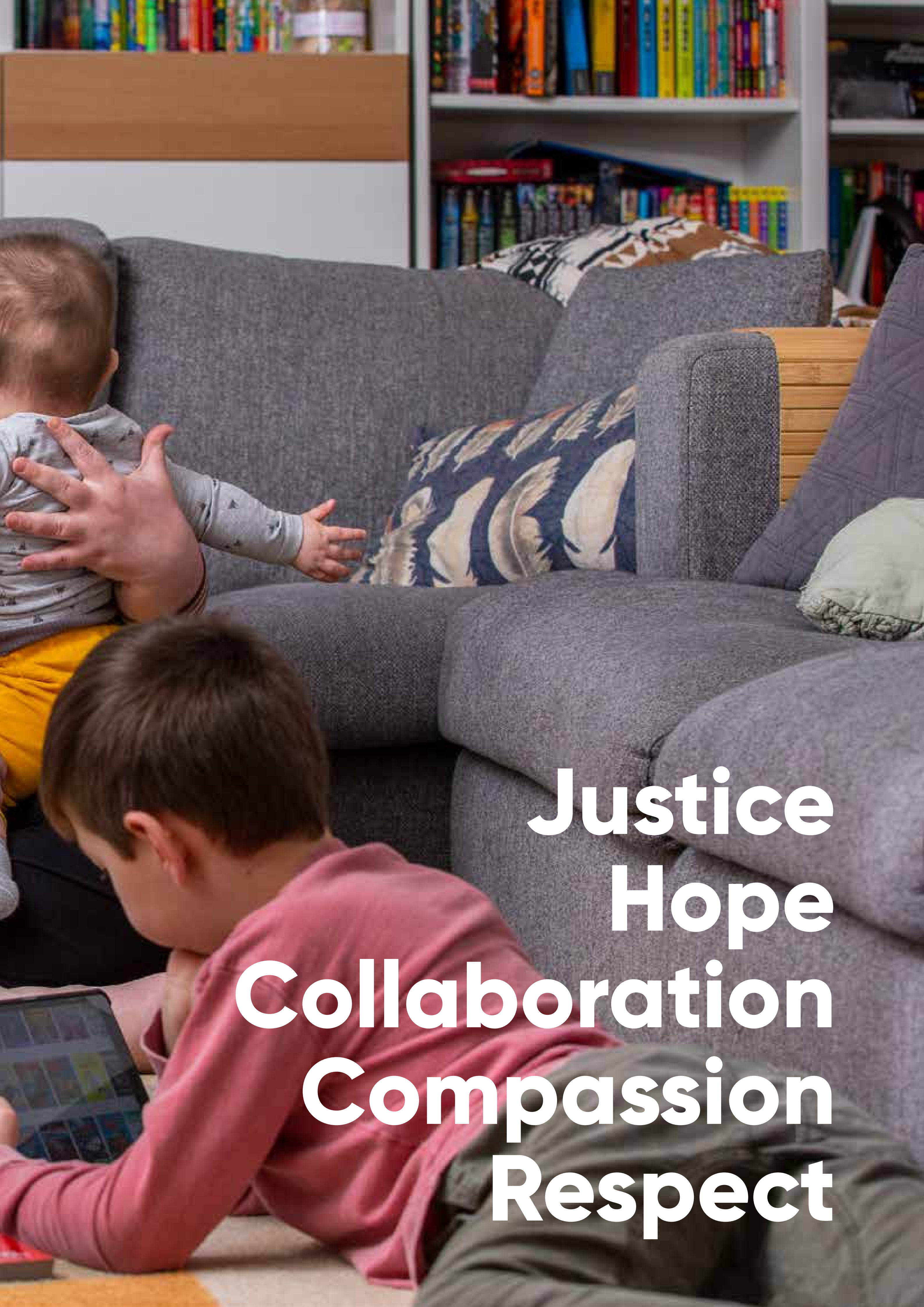
Justice
Hope
Collaboration
Compassion
Respect

Victoria

237 Cecil Street
South Melbourne VIC 3205
(03) 9699 9177

enquiry@mackillop.org.au

New South Wales

Level 1, 38 Prince Street
Blacktown NSW 2148
(02) 8881 4800

nsw@mackillop.org.au

Western Australia

147-149 Colin Street
West Perth WA 6005
(08) 9250 1114

wa@mackillop.org.au