



Permanent Care & Adoptive Families Inc

ABN 50 562 164 576

Annual Financial Statements 30 June 2021

Permanent Care & Adoptive Families Inc Contents
For the year ended 30 June 2020

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**Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
Revenue			
Government revenue			
<i>Victorian government</i>			
Department of Fairness, Families & Housing - recurring		349,558	358,266
Department of Fairness, Families & Housing - Covid-19			-
OzChild flexifunding administration - recurring		102,689	100,371
OzChild flexifunding administration - non-recurring		321,741	304,884
OzChild flexifunding administration - Covid-19		50,140	-
Victorian business grant		20,000	-
Total Victorian government sourced revenue		844,128	763,521
<i>Commonwealth government</i>			
Covid-19 cash boost		30,738	30,738
Covid-19 Job keeper grant		126,450	63,000
Total Commonwealth government sourced revenue		157,188	93,738
Total government revenue		1,001,316	857,259
William Buckland grant for regional carer support			-
Other grants			-
Donations		2,139	208
Total grants and donations	3.1	1,003,455	857,466
Training revenue			3,818
Interest revenue calculated using the effective interest method on financial assets at amortised cost		2,681	5,826
Other			-
Total revenue		1,006,136	867,111
Expenses			
Accounting fees		(19,384)	(15,824)
Audit fees		(3,000)	(6,000)
Bank and credit card charges		(310)	(279)
Board/governance expenses		(9,642)	(6,620)
Computer and IT related expenses		(59,810)	(19,313)
Contractor costs		(58,884)	-
Consulting costs		(69,800)	(64,474)
Depreciation expense - plant and equipment		(9,957)	(11,507)
Employee benefits - salaries		(599,938)	(443,132)
Employee benefits - superannuation defined contributions		(52,520)	(40,164)
Employee EAP, training and development		(8,437)	(1,500)
Equipment hire		(1,500)	(1,281)
Events and fundraising expenses	1.6	(32,573)	(3,915)
Flexifund infrastructure expenses		-	(10,036)
Insurance		(16,484)	(12,530)
Meeting expenses		-	(412)
Membership fees		(680)	(2,825)
Office expenses		(3,586)	(3,127)
Phone, fax & internet		(8,525)	(4,722)
Post, Freight & Courier		(303)	(929)
Publications & Information Resources		(896)	(323)
Recruitment Expense		(59,177)	(19,351)
Rent & Outgoings		(15,043)	(25,911)
Regional peer support meeting costs		-	(3,139)
Volunteer costs		(1,126)	(1,575)
Other expenses		-	-
Total expenses		1,031,575	(698,888)
Surplus / (Deficit) for the year	1.6	(25,439)	168,222

The above Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash on hand		35	35
Cash at bank		350,475	286,948
		<hr/>	<hr/>
Total Cash and cash equivalents - at amortised cost		350,510	286,983
Trade receivables - at amortised cost		2,135	1,146
Other receivables - at amortised cost		-	31,282
Short term deposits - at amortised cost		500,000	250,000
Prepayments		6,402	3,232
		<hr/>	<hr/>
Total financial assets at amortised cost and Total current assets		859,047	572,643
		<hr/>	<hr/>
Non-current assets			
Plant and equipment - at cost		22,585	37,734
Less: P&E Accumulated depreciation		(7,143)	(17,420)
		<hr/>	<hr/>
Plant and equipment - net		15,442	20,314
		<hr/>	<hr/>
Total non-current assets		15,442	20,314
		<hr/>	<hr/>
Total assets		874,489	592,957
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade payables - at amortised cost		136,209	23,393
Other payables - at amortised cost		4,945	9,058
Unspent Grants - at amortised cost	3.1	202,103	15,455
		<hr/>	<hr/>
Total financial liabilities at amortised cost		343,257	47,906
Employee benefits		40,697	29,076
Total current liabilities		383,954	76,982
		<hr/>	<hr/>
Total liabilities		383,954	76,982
		<hr/>	<hr/>
Net assets		490,535	515,974
		<hr/>	<hr/>
Equity			
General Reserve		-	-
Retained surpluses		490,535	515,974
		<hr/>	<hr/>
Total equity		490,535	515,974
		<hr/>	<hr/>

The above statement of financial position should be read in conjunction with the accompanying notes

**Statement of changes in equity
For the year ended 30 June 2021**

	Note	General Reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2019		266,000	140,752	406,752
Restatement of prior year general reserve		-59,000	-	-59,000
Restated opening balance		<u>207,000</u>	<u>140,752</u>	<u>347,752</u>
Surplus for the year			168,222	168,222
Transfers to/(from)		-207,000	207,000	-
Balance at 30 June 2020		<u>-</u>	<u>515,974</u>	<u>515,974</u>
Balance at 1 July 2020		0	515,974	515,974
Surplus for the year		-	-25,439	-25,439
Transfers to/(from)		-	-	0
Balance at 30 June 2021		<u>0</u>	<u>490,535</u>	<u>490,535</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows
For the year ended 30 June 2021

	Note	2021	2020
			\$
Cash flows from operating activities			
Grants and funding		1,011,926	720,518
Interest received		2,681	5,826
Other revenue		188,470	68,535
Payments to suppliers and employees (inclusive of GST)		(884,465)	(680,999)
Net cash from/(used in) operating activities		318,612	113,879
Cash flows from investing activities			
Payments for property, plant and equipment		(5,085)	(26,611)
Redemption/(Increases) of term deposits		(250,000)	(80,000)
Net cash used in investing activities		(255,085)	(106,611)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		63,527	7,268
Cash and cash equivalents at the beginning of the financial year		286,983	279,715
Cash and cash equivalents at the end of the financial year		350,510	286,983

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2021

Note 1: Basis of preparation

Permanent Care & Adoptive Families (PCA Families) Inc is a large sized registered charity with the Australian Charities and Not-for-profit Commission, and a Tier 3 incorporated association registered and domiciled in Victoria, Australia. It's registered office and principal place of business is at Level 1, 402 Smith Street, Collingwood, Victoria, Australia 3066.

1.1 PCA Families' purpose, nature of operations and activities

Our vision: Every child who cannot live permanently with their birth parents thrives in a strong, stable, and permanent family.

Our purpose: Permanent care, kinship care and adoptive families have committed to helping their children thrive and we are committed to helping them do it.

Our mission: We advocate on behalf of and deliver peer support and other trauma informed services for permanent care, kinship care and adoptive families. We inform, upskill and empower our parents/carers to advocate strategically for the services and support their children and our communities need. Our independent support is trusted by our families and often critical to their success.

PCA Families is a member based organisation, using government and other grants to provide its services.

PCA Families' principal activities are providing a helpline and peer support programs, assisting OzChild to deliver the Department of Fairness, Families and Housing Victoria's Flexible Funding scheme to eligible permanent carers, children under Family Law Court Orders and special needs adoption families, and advocating on behalf of members to government.

1.2 General purpose financial statements - Tier 2 Simplified disclosures

PCA Families' general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board, the Victorian Associations Incorporation Reform Act 2012, and the Australian Charities and Not-for-profit Commission Act 2012. PCA Families is a not-for-profit individual entity for the purpose of preparing financial statements.

1.3 Accruals and historical cost basis

The financial statements have been prepared on an accruals and historical cost basis, and do not take into account changing money values, except where specifically stated.

1.4 Australian dollar and Rounding of amounts

Amounts in the financial statements have been rounded to the nearest Australian \$.

1.5 Date of authorisation

The financial statements were authorised for issue on 9th September 2021 by the Board of Directors.

1.6 Going concern, economic dependency and impact of Covid-19

PCA Families has adequate cash reserves to continue in operation for the period of twelve months after the date of signing the financial statements and pay its debts as and when they fall due. The current year loss is largely attributable to PCA Families determining to use prior year reserves to fund the adoptive families retreat costing \$30,000, and is not indicative of future operating losses. PCA Families is dependent on the ongoing receipt of financial assistance from the Victorian Department of Fairness, Families and Housing to continue delivering its helpline service. The current service agreement expires 30 June 2024. The current service agreement with DFFH has been extended to 30 June 2024 for a minimum of \$330,000 per annum. The service agreement between DFFH and OZChild and the subcontract from OZChild to PCA Families has also been extended to 30 June 2024. Further details of these grants are set out in note 3.1. PCA Families continues to explore additional funding sources.

PCA Families has no reason to believe that the government will discontinue its support of PCA Families.

Note 2: Significant changes in accounting policies

2.1 New and amended accounting standards effective for 30 June 2021

The amended accounting standards effective for 30 June 2021 applicable to PCA Families are:

- AASB 2018-7 "Amendments to Australian Accounting Standards - Definition of Material"

There were no changes as a result of the amended standard.

2.2 New or amended Accounting Standards and interpretations not yet effective

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and their impact has not yet been assessed.

Note 3: Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Revenue recognition

PCA Families recognises revenue as follows:

Government grants

Revenue from government grants is recognised at the fair value of the consideration received when the grant is controlled, unless there is a performance obligation, or a liability to return the funds. Where there is a performance obligation, revenue is recognised as performance occurs, either over time or at a point in time. Where there is a liability, revenue is recognised when the liability is extinguished. The accounting policies for each of PCA Families' key grants sourced from the Victorian government are set out below:

Victorian government grant

The Victorian Department of Fairness, Families and Housing (DFFH) grant has a service agreement with PCA Families from 1 July 2019 to 30 June 2024 to identify and count the number of Flexible Funding packages provided to eligible permanent carers, children under Family Law Court Orders and special needs adoption families. The funds are received in advance in monthly instalments. The performance obligation to identify and count the packages occurs daily, with revenue recognised evenly on a daily basis throughout the year. These funds are used to operate PCA Families helpline services. Additional non-recurrent funding was received as a result of Covid-19. In the event that not all funds are spent by reporting date, DFFH has a right to recall the funds during the subsequent six months. Accordingly, an Unspent grants liability is recognised until the six month period has expired. Such liabilities are classified as current liabilities.

DFFH may cease providing recurrent funding with three months' notice if government policy or budget considerations change.

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OzChild - administration of Victorian government flexible funding packages

DFFH has a service agreement with Children Australia Inc (trading as OzChild) to administer its Flexible Funding packages from 1 July 2019 to 30 June 2024. OzChild sub-contracts to PCA Families the processing and approval of the Flexible Funding applications, under a Memorandum of Understanding. For the year ending 30 June 2021, an additional \$2 million non-recurring flexible funding was provided. An additional \$300,000 Covid-19 supplement for the period May-October 2020 was received after 30 June 2020 so considered controlled and recognised in the current year. A further Covid-19 supplement of \$785,000 for the year ending 30 June 2021 was also provided. DFFH has agreed the percentages of the funding that applies to PCA Families for administering the program as follows:

- recurring \$1 million 9.27%
- non-recurring \$2 million 15.24%
- non-recurring \$300,000 and \$785,000 15.24%

As there are no performance obligations attached to the service agreement between OzChild and PCA Families, revenue is recognised when controlled, which is when the monies are received monthly from OzChild. Unspent funds that are recalled by DFFH are returned to OzChild.

PCA Families acts as an agent of DFFH when distributing the flexifunding packages payments to recipients, and accordingly, no revenues or expenses are recognised in relation to the packages distributed.

Commonwealth Covid-19 jobkeeper subsidy

PCA Families utilised the Commonwealth Covid-19 jobkeeper subsidy for eight employees from 1 July 2020 to 31 December 2020 (2019: 3 employees 8 May 2020 to 30 June 2020). The subsidy requires PCA Families to continue paying wages, and revenue is recognised when the wages for eligible employees are payable.

Commonwealth Covid-19 cash boost

PCA Families utilised the Commonwealth Covid-19 cash boost subsidy. The subsidy is recognised when cash is received.

Other grants and donations

Revenue from philanthropic grants is recognised at the fair value of the consideration received when the grant is controlled, unless there is a performance obligation, or a liability to return the funds. Where there is a performance obligation revenue is recognised as performance occurs. The accounting policies for each of PCA Families' key non-government grants and donations are set out below:

Donations

Donations have no performance obligations and are recognised at fair value when received.

Providing services

Revenue from providing training is recognised at fair value upon delivery of the training. PCA Families membership is free.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established and any performance obligation is satisfied.

Volunteer services

PCA Families uses volunteer services comprising 9 (2021: 9) board members and 6 (2021: 6) volunteers including three who facilitate Journal Club meetings and four who act as board subcommittee members. If these services were not provided by volunteers they would not be provided.

3.2. Financial assets and financial liabilities

Financial assets are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. PCA Families holds the financial assets with the objective of collecting the contractual cash flows and therefore measures them at amortised cost, using the effective interest rate, less any allowance for expected credit losses. They comprise Trade and other receivables, Cash and cash equivalents and Short term deposits. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each.

Financial liabilities are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. They are subsequently measured at amortised cost and comprise trade and other payables, and unspent grant liabilities.

Collectability of trade and other receivables is reviewed on an ongoing basis. PCA Families applies the AASB 9 'Financial Instruments' simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all receivables. The expected loss rates are based on historical loss rates over the past 36 months, adjusted for current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables, such as Covid-19.

There are no related party receivables or payables.

PCA Families has no significant credit, market or interest rate risks from its financial assets and liabilities. Cash and term deposits are held with reputable financial institutions and the maximum amount invested with any one entity is generally limited to \$250,000 to remain under the Government guarantee cap.

Cash and cash equivalents

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 three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore classified as current.

Other receivables comprise GST receivables and government subsidy receivables.

There are no related party receivables.

Trade and other payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition and therefore recognised as current liabilities.

There are no related party payables.

3.3. Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives of 3 (2020: 3) years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

3.4. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

3.5. Taxes

Income tax

PCA Families is exempt from tax under Division 50 of the Income Tax Assessment Act 1997. PCA Families has Deductible Gift Recipient (DGR) status.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

3.6. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition

Determining the appropriate revenue recognition requirements involves assessing whether contracts have enforceable performance obligations and if so, how to determine when those performance obligations are satisfied to enable revenue recognition. Note 3.1 sets out more details.

Note 4: Leases

2021 **2020**
\$ \$

PCAF Families leased its premises from 1 July 2020 on a month to month basis, for \$900 per month.

As the term of the lease is less than 12 months, and it is not reasonably certain that PCAF Families will extend the lease beyond 12 months, PCAF has elected to account for this lease as a short term lease. Rental expense is recognised when incurred.

PCAF Families has a low value lease of a photocopier, which is for a minimum of 5 years from 29 September 2019 for \$125 per month. Accordingly, rental expense is recognised on a straight line basis over the term of the lease.

Total undiscounted lease commitments are:

1 year	1,500	1,500
2-5 years	3,750	5,250
	<u>5,250</u>	<u>6,750</u>

Note 5: Related party disclosures

PCA Families' related parties comprise its key management personnel who have authority and responsibility for planning, directing and controlling its activities.

Our key management personnel are the directors and Chief Executive Officer (CEO):

Directors	Number of terms	Appointment date	Term ended
Meredith Carter (President)	2	17/10/2016	
Donna Coelho (Vice President)	2	17/10/2016	24/10/2020
Naomi Colville (Vice President)	1	24/10/2019	
Roslyn Rule (Treasurer)	1	24/10/2018	
Chris Lockwood (Secretary)	3	6/11/2013	
Leslie Annear	1	25/11/2020	
Dan Barron	3	6/11/2013	
Alba Chliakhtine	1	24/10/2018	24/10/2020
Judy Gouldbourn	1	25/11/2020	
Kris Peach	1	24/10/2019	
Sara Witty	1	24/10/2019	
CEO			
Lisa Milani		17/03/2020	
Kris Peach - Acting CEO		1/03/2021	30/06/2021
Amanda Bresnan - Interim CEO		26/04/2021	

	2021	2020
	\$	\$
Total key management personnel remuneration	<u>152,908</u>	<u>80,216</u>

NOTES:

Lisa Milani is on Parental leave from 1/3/2021

Kris Peach's remuneration during her time as both Acting CEO and Director was at the same market rate as received by Ms Milani and Ms Bresnan and was part time from 1 May 2021 for 1 day per week until Ms Bresnan was able to commence full time employment.

Note 6. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the PCA Families' operations, the results of those operations, or the state of affairs in future financial years.

Board of Directors' Declaration

In the directors' opinion:

1. The attached financial statements and notes of Permanent Care & Adoptive Families (PCA Families), as set out on pages 3 to 13 are in accordance with the Victorian Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012 including:

a) Giving a true and fair view of the registered charity's financial position as at 30 June 2021 and performance for the financial year ended on that date: and

b) Complying with the Australian Accounting Standards - Simplified Disclosures, the Victorian Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012;

2. There are reasonable grounds to believe that the registered charity will be able to pay all of its debts as and when they become due and payable.

On behalf of the directors, signed in accordance with a resolution of the Board of Directors made pursuant to subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

President: Meredith Carter



Treasurer: Roslyn Rule



Dated this 15th day of September, 2021