Child and Youth Services Mutual Limited T/A Kudos

Annual Compliance Reporting

Director, Finance and Audit Report for the year ended 30 June 2024

Contents

1. Kudos Board of Directors

Kudos' Board of Directors is independently elected by members to govern our employee-controlled mutual. The directors recognise their role in overseeing the purpose and application of policies and processes that reflect good corporate governance, aligning with the Kudos Strategic Plan, Vision, and Purpose to deliver the best possible services for people with disabilities.

Kudos has two key committees supporting our Board:

- **Finance & Audit Committee**: Assists the Board in fulfilling its corporate oversight responsibilities and oversees the management's financial administration.
- **Governance & Risk Committee:** Ensures the systems of corporate and operational governance comply with best practices, including risk analysis, internal audit, regulatory compliance, and policy adherence.

1.1 Current Directors

The following individuals are currently serving as directors of Kudos.

In accordance with Section 33 (Appointment of Directors) of the Constitution, the term of appointment for a Director must not exceed three years. A continuing Director may be reappointed for a maximum of six consecutive years.

<u>Rebecca Wilson</u>

Elected October 2020
Expiry of current term 2026

Rebecca is the Registrar of the Veterinary Surgeons Board of South Australia. She brings a wealth of experience and specific expertise in legal, governance, risk and compliance across a diverse range of industries in challenging and changing environments, including member conception, private legal practice, local government, insurance and banking and finance.

Rebecca holds a Bachelor of Laws/Legal Practice, Bachelor of Arts, is an Associate of the Governance Institute of Australia/Associate of Chartered Governance Institute (Company Secretary, Chartered Governance Professional) and Associate of the Australian Institute of Company Directors. She is the Board Chair and is also a member of the Governance & Risk Committee and Finance & Audit Committee.

<u>Elaine Nash</u>

Elected October 2019
Expiry of current term 2025

Elaine served as Manager, NDIS Strategy for Child and Youth Services (CYS) before it exited the South Australian Government and formed Kudos Services, Australia's first Public Service Employee Mutual. As a Kudos Board member, she brings significant allied health experience and business acumen.

A social worker by profession, Elaine has over three decades of experience in leadership roles in the disability sector, and played a key role in the South Australian NDIS trial and CYS's transition out of government.

Elaine holds a Bachelor of Social Work, a Master of Business Administration (MBA) from the University of Adelaide and is currently completing a PhD at UniSA Business School with a focus on employment and intellectual disability. She is an accredited member of the Australian Association of Social Worker and a member of the Australasian Society for Intellectual Disability and the South Australian Council for Intellectual Disability.

Scott Bryant

Elected October 2021
Expiry of current term 2027

Scott has a long-standing association with Kudos, dating back over 20 years to when it was Child and Youth Services. With over 30 years of experience in professional services both in Australia and internationally, he has a broad skill set in service delivery and organisational operations, including finance, risk & governance, legal, consulting, and compliance. His experience spans Government, Community, not-for-profit, and businesses.

Scott holds a Bachelor of Economics, Bachelor of Laws, and a Graduate Diploma in Legal Practice. He is a Chartered Tax Advisor and Chair of the Finance and Audit Committee.

Guy Turnbull

Elected November 2022
Expiry of current term 2025

Guy is the Co-founder and Managing Director of VIVA Mutual, an Adelaide-based NDIS provider delivering at home support services through self-managed teams. Active in the co-operative and social enterprise sector since 1988, Guy built a $35m UK-based care co-operative and co-created 'RED,' an innovative social enterprise for people with disabilities. He is also the founding member and Managing Director of VIVA Mutual Foundation Limited.

Guy holds a Bachelor of Arts [Hons] and a PhD. He was the Don Dunstan Foundation 2018 Thinker in Residence, a national winner in the 2016 Great British Care Awards, and a UK national finalist in Ernst & Young's 'Entrepreneur of the Year.' Guy is a member of the Finance and Audit Committee.

Liana Reinhardt

Elected November 2023
Expiry of current term 2026

Liana is the Chief People and Strategy Officer at Credit Union SA, overseeing people development, strategy, transformation, and business improvement teams. Bringing mutual experience from working in a mutual banking organisation, she is inspired by Kudos and values the benefits of mutuality.
Liana has held executive roles in not-for-profit employment, community services, Fast-Moving Consumer Goods (FMCG) manufacturing, and retail sectors, including large-scale strategic and cultural transformations. A Fellow of the Australian Institute of Human Resources, she brings expertise in strategy, transformation, HR, organisational design, continuous improvement, and capability development.

Liana holds a Diploma of Positive Psychology and Wellbeing, Diploma of Management and Graduate Certificate in Professional Education and Training. She is a member of the Australian Institute of Company Directors, an Accredited Mental Health First Aider and became the South Australian State President of the Australian HR Institute in 2024. Liana serves as a member of the Governance and Risk Committee.

1.2 Former Directors

Kudos extends sincere appreciation to the following Directors who departed from the board during the financial year. We recognise and value their substantial contributions throughout their tenure:

- Penny Gale, Director from October 2019 to May 2024
- Mary Freer, Director from October 2021 to July 2024
- Todd Davies, Director from November 2022 to August 2023

1.3 Meetings of Directors

The table below details the number of Director meetings held during the financial year, along with each Director's attendance record.

Name	Board	Governance and Risk Comte	Finance and Audit Comte
	Attended/Eligible	Attended/Eligible	Attended/Eligible
Penny Gale	6/6	1/1	3/4
Rebecca Wilson	7/7	3/4	5/5
Elaine Nash	7/7	4/4	n/a
Mary Freer	4/7	1/2	n/a
Scott Bryant	7/7	n/a	5/5
Guy Turnbull	7/7	n/a	5/5
Liana Reinhardt	5/5	2/2	n/a
Todd Davies	0/1	1/1	n/a

2. Financial Commentary

During FY24, Kudos undertook a comprehensive review of its financial reporting and cost structures. This, combined with a renewed focus on productivity and performance, resulted in the delivery of its first operational surplus without the establishment grant.

The extension of the contract to deliver the Partner in Community service for the NDIS provided financial security throughout the year. Additionally, the expansion of the eligible service cohort to include children up to 9 years old contributed to increased income.

Despite an operating environment marked by rising costs in wages, superannuation, and property—without a corresponding increase in income for major expense categories—Kudos demonstrated resilience and adaptability.

Child and Youth Services Mutual Ltd recognises and celebrates the contributions of its dedicated team members, whose efforts have underpinned its vastly improved financial position at year-end. Looking ahead, Kudos is well-positioned for continued strength and growth in FY25.

Child and Youth Services Mutual Limited

ABN 59 924 308 783

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Child and Youth Services Mutual Limited
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30 June 2024

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE BOARD MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board Members of Child and Youth Services Mutual Limited.

As lead audit partner for the audit of the financial statements of Child and Youth Services Mutual Limited for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

31 October 2024

Child and Youth Services Mutual Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	2	18,861,850	16,841,352
Other income	3	43,557	35,201
Expenses			
Employee expenses		(15,561,029)	(13,779,241)
Board remuneration		(88,092)	(95,076)
Depreciation and amortisation expense		(923,151)	(859,646)
Motor vehicle expense		(140,339)	(131,466)
Utilities expense		(145,751)	(116,372)
Rental expense		(53,316)	-
Staff training and development expenses		(160,879)	(202,106)
Agency and contractor expenses		(27,485)	(459,153)
Marketing expenses		(146,378)	(268,152)
Audit, legal and consultancy expenses		(218,328)	(242,668)
Administration expenses		(752,694)	(753,131)
Office establishment expenses		(11,389)	(13,057)
Asset impairment expenses		(2,382)	(49,671)
Travel expenses		(108,702)	(129,382)
Interest expense - leases		(125,142)	(34,724)
Other expenses		(144,005)	(70,350)
Surplus/(deficit) before income tax expense		296,345	(327,642)
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year		296,345	(327,642)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		296,345	(327,642)

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

Child and Youth Services Mutual Limited
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	4	3,165,020	3,689,733
Trade and other receivables	5	225,204	179,978
Other assets	7	183,689	106,878
Total current assets		3,573,913	3,976,589
Non-current assets			
Property, plant and equipment	8	268,861	478,081
Right-of-use assets	6	1,590,652	2,260,396
Intangibles	9	-	15,187
Total non-current assets		1,859,513	2,753,664
Total assets		5,433,426	6,730,253
Liabilities			
Current liabilities			
Trade and other payables	10	1,198,680	1,070,384
Contract liabilities	11	-	1,253,347
Lease liabilities	12	635,630	720,669
Provisions	13	1,417,588	1,293,719
Total current liabilities		3,251,898	4,338,119
Non-current liabilities			
Lease liabilities	12	1,043,959	1,554,362
Provisions	13	85,645	82,193
Total non-current liabilities		1,129,604	1,636,555
Total liabilities		4,381,502	5,974,674
Net assets		1,051,924	755,579
Equity			
Retained surpluses		1,051,924	755,579
Total equity		1,051,924	755,579

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

Child and Youth Services Mutual Limited
Statement of changes in equity
For the year ended 30 June 2024

	Retained surplus $	Total equity $
Balance at 1 July 2022	1,083,221	1,083,221
Deficit after income tax expense for the year	(327,642)	(327,642)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(327,642)	(327,642)
Balance at 30 June 2023	755,579	755,579

	Retained surplus $	Total equity $
Balance at 1 July 2023	755,579	755,579
Surplus after income tax expense for the year	296,345	296,345
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	296,345	296,345
Balance at 30 June 2024	1,051,924	1,051,924

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

Child and Youth Services Mutual Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from clients and government		19,848,126	17,846,091
Payments to government		(1,206,052)	(59,400)
Payments to suppliers and employees		(18,460,595)	(17,720,692)
Interest received		43,392	34,980
Interest paid		(125,142)	(34,724)
Net cash from operating activities		99,729	66,255
Cash flows from investing activities			
Payments for property, plant and equipment		(29,000)	(146,643)
Net cash used in investing activities		(29,000)	(146,643)
Cash flows from financing activities			
Repayment of lease liabilities		(595,442)	(484,356)
Net cash used in financing activities		(595,442)	(484,356)
Net decrease in cash and cash equivalents		(524,713)	(564,744)
Cash and cash equivalents at the beginning of the financial year		3,689,733	4,254,477
Cash and cash equivalents at the end of the financial year	4	3,165,020	3,689,733

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

Note 1. Material accounting policy information

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
Child and Youth Services Mutual Limited has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for profit oriented entities.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the 31 of October 2024 by the directors of the company.

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 or 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.

Sales revenue
Events, fundraising and raffles are recognised when received or receivable.

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

Grants
Grant revenue is recognised in profit or 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.

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.

Note 1. Material accounting policy information (continued)

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 received is also not recognised.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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.

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 and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Property, 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.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 for details of impairment).

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvement	Lower of lease term or 10%
Office furniture and equipment	7.5-20%
Computer equipment	33-50%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 1. Material accounting policy information (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Intangible assets

Software

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value, as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between five and seven years. It is assessed annually for impairment.

Impairment of assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Trade and other payables

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

Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or 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.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 1. Material accounting policy information (continued)

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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.

Employee benefits

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits
The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO 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 ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting judgements
The directors evaluate estimates and judgements 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.

Note 1. Material accounting policy information (continued)

Employee benefits
For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Economic dependence
Child and Youth Services Mutual Limited is dependent on State (Establishment), Federal funding and NDIS income for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Federal government will not continue to support Child and Youth Services Mutual Limited.

Going Concern

The financial report of the entity has been prepared using the going concern basis. The entity recorded a surplus of $296,345 with positive operating cashflows of $99,729 for the year ended 30 June 2024, and as of that date, the entity's current assets exceed its current liabilities by $322,015. The directors are aware of the need to ensure that adequate cash resources are available to fund the ongoing operations of the entity. Consequently, the directors review the situation on a regular basis.

The ability of the entity to continue as a going concern is dependent upon:
- achieving future profitable results; and
- sufficient cash reserves

The financial statements do not include any adjustments relating to recoverability and classification of recorded asset amounts, nor to the amounts or classifications of liabilities that might be necessary should the entity not be able to continue as a going concern.

Note 2. Revenue

	2024 $	2023 $
Revenue from contracts with customers		
Grant income		
- ECEI Services operational	13,874,749	11,655,885
- ECEI Services capital	156,928	528,691
Fee for service	4,830,173	4,656,776
Revenue	18,861,850	16,841,352

Note 3. Other income

	2024 $	2023 $
Interest income	43,392	34,980
Other revenue	165	221
Other income	43,557	35,201

Note 4. Cash and cash equivalents

	2024 $	2023 $
Current assets		
Cash at bank - operating	1,132,647	3,371,398
Cash at bank - term deposits	2,032,373	318,335
	3,165,020	3,689,733

Note 5. Trade and other receivables

	2024 $	2023 $
Current assets		
Trade receivables	255,404	210,178
Provision for doubtful debts	(30,200)	(30,200)
	225,204	179,978

The company's normal credit term is 30 days.

Note 6. Right-of-use assets

	2024 $	2023 $
Non-current assets		
Right-of-use asset - at cost	3,939,600	3,939,600
Less: Accumulated depreciation	(2,348,948)	(1,679,204)
	1,590,652	2,260,396

Note 7. Other assets

	2024 $	2023 $
Current assets		
Prepayments	183,689	106,878

Note 8. Property, plant and equipment

	2024 $	2023 $
Non-current assets		
Leasehold improvements - at cost	1,080,172	1,080,172
Less: Accumulated depreciation	(970,064)	(845,022)
	110,108	235,150
Computer equipment - at cost	471,404	442,404
Less: Accumulated depreciation	(359,960)	(312,464)
	111,444	129,940
Office furniture and equipment - at cost	556,657	556,657
Less: Accumulated depreciation	(509,348)	(443,666)
	47,309	112,991
	268,861	478,081

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold Improvements $	Office Furniture $	Computer Equipment $	Total $
Balance at 1 July 2023	235,151	112,991	129,939	478,081
Additions	-	-	29,000	29,000
Depreciation expense	(125,043)	(65,682)	(47,495)	(238,220)
Balance at 30 June 2024	110,108	47,309	111,444	268,861

Note 9. Intangibles

	2024 $	2023 $
Non-current assets		
Computer software - at cost	77,375	77,375
Less: Accumulated amortisation	(77,375)	(62,188)
	-	15,187

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Computer Software $	Total $
Balance at 1 July 2023	15,187	15,187
Amortisation expense	(15,187)	(15,187)
Balance at 30 June 2024	-	-

Note 10. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	63,553	113,358
Other current payables and accruals	852,300	731,028
GST payable	283,001	224,316
CBB deductions payable	(19)	1,702
Other payroll liabilities	(155)	(20)
	1,198,680	1,070,384

	2024	2023
Financial liabilities at amortised cost classified as accounts payable and other payables		
Trade and other payables	1,198,680	1,070,384
Less GST payables (net amount)	(283,001)	(224,316)
	915,679	846,068

Note 11. Contract liabilities

	2024 $	2023 $
Current liabilities		
Unspent grant funding		
- ECEI services operational	-	1,096,419
- DHS ECEI working capital funds	-	156,928
	-	1,253,347

Note 12. Lease liabilities

	2024 $	2023 $
Current liabilities		
Lease liabilities - office buildings	635,630	720,669
Non-current liabilities		
Lease liabilities - office buildings	1,043,959	1,554,362
	1,679,589	2,275,031

Note 13. Provisions

	2024 $	2023 $
Current liabilities		
Provision for annual leave	748,648	771,829
Provision for long service leave	668,940	521,890
	1,417,588	1,293,719
Non-current liabilities		
Provision for long service leave	85,645	82,193
	1,503,233	1,375,912

Provision for employee benefits
Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1.

Note 14. Key management personnel disclosures

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

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2024 $	2023 $
Key management personnel remuneration	783,070	563,188

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Edwards Marshall, the auditor of the company:

	2024 $	2023 $
Audit services - Nexia Edwards Marshall		
Full scope audit of the financial report for the year	18,200	17,300
Other services - Nexia Edwards Marshall		
Assistance with preparation of the financial report for the year	3,600	3,450
Early Childhood Early Intervention (ECEI) Acquittals	3,500	3,300
IT & Administration Levy (3%)	760	-
	7,860	6,750
	26,060	24,050

Note 16. Related party transactions

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 18. Financial risk management

The company's financial instruments consist mainly of deposits with banks accounts receivable and payable.

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

	2024 $	2023 $
Financial assets		
Financial assets at amortised cost:		
- cash and cash equivalents	3,165,020	3,689,733
- trade and other receivables	225,204	179,978
Total financial assets	3,390,224	3,869,711

	2024	2023
Financial liabilities		
Financial liabilities at amortised cost:		
- trade and other payables	915,679	846,068
Total financial liabilities	915,679	846,068

Note 19. Entity details

The registered office and principal place business is:

Note 19. Entity details (continued)

Level 1
123 Greenhill Road
Unley SA 5061
Australia

Note 20. Members' guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. As at the 30 June 2024 there were 137 members of which there was a single Guarantor Member. If the company is wound up, the constitution states that the Guarantor Member is required to contribute a maximum of $10 towards meeting any outstanding obligations of the company.

Child and Youth Services Mutual Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures and the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

- 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 directors made pursuant to section 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

On behalf of the directors

Director

31 October 2024

Nexia Edwards Marshall

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED (KUDOS SERVICES)

Opinion

We have audited the financial report of Child and Youth Services Mutual Limited ("the entity") which comprises the Statement of Financial Position as at 30 June 2024, the Statement of Profit or Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended 30 June 2024, Notes to the Financial Statements, including material accounting policy information, and the Directors' Declaration.

In our opinion, the accompanying financial report of Child and Youth Services Mutual Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2024 and of its financial performance and its cash flows for the year then ended; and

(ii) complying with Australian Accounting Standards –Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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 entity in accordance with the independence 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. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Annual Report for the year ended 30 June 2024, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED (KUDOS SERVICES) (CONT)

Directors' Responsibility for the Financial Report

The Directors of Child and Youth Services Mutual Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards –Simplified Disclosures and the Australian Charities and Not-for-profits Commission Act 2012. This responsibility includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view so that it is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the entity's ability 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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED (KUDOS SERVICES) (CONT)

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

- 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 entity'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 entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

31 October 2024

Nexia Edwards Marshall

Child and Youth Services Mutual Limited

Audit Completion Report

For the year ended 30 June 2024

Advisory. Tax. Audit.

Nexia Edwards Marshall

Mr S Bryant
Chair of Finance & Audit Committee
Child and Youth Services Mutual Limited (Kudos Services)
123 Greenhill Road
Unley SA 5061

10 October 2024

Dear Scott,

Report to the Finance & Audit Committee for the year ended 30 June 2024

We have completed our audit work of the financial statements of Child and Youth Services Mutual Limited (Kudos Services) for the year ended 30 June 2024.

Australian Auditing Standards require that we provide you with the following information in relation to the audit. We consider it appropriate to provide the following information before the financial statements are approved by the Board Members to ensure you are aware of all matters relating to the audit.

We have appreciated the assistance provided to us during the audit by the finance team and ask that you convey our thanks to them.

This information is intended solely for the use of the Board Members and Management of Child and Youth Services Mutual Limited (Kudos Services) and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully,

Damien Pozza
Partner

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e dpozza@nexiaem.com.au

Contents

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Why Nexia Edwards Marshall

A culture of success

We hire a diverse range of individuals with the ability to ask the right questions, listen actively and analyse deeply to spot missed opportunities.

We'll get you there

We're a top 20 global network, already on the ground in over 120 countries, and have offices in every mainland state and territory in Australia.

The specialists you need

We offer over 30 sector and service specialties, from property and construction, healthcare, professional services and many more.

Ready for what's next

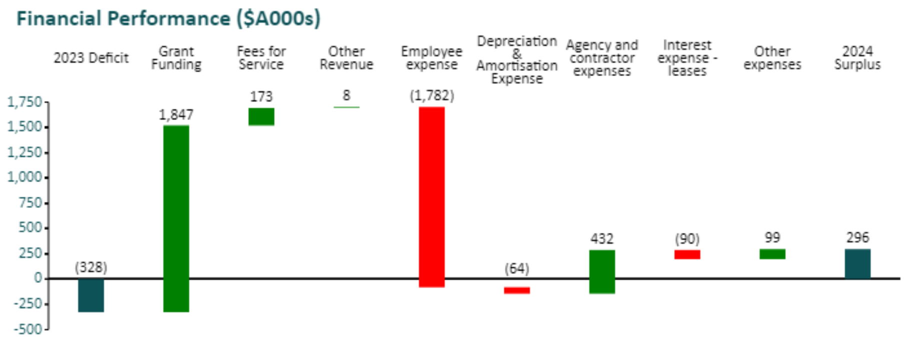
We equip our team with the vital skills to thrive in tomorrow's world, so we can guide you to success, no matter what this looks like.

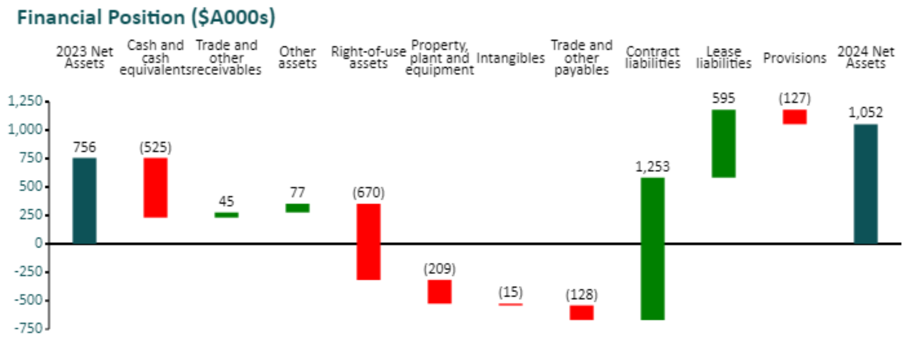
Audit snapshot

Audit Results	Outcome
Were significant audit adjustments required?	No
Are there any material unadjusted differences?	No
Were any transactions and balances unable to be verified in accordance with the audit plan?	No
Were any audit risks and exposures unable to be adequately addressed?	No
Were there any audit risks requiring comment from the Board/Committee?	No
Were there any high priority control deficiencies identified?	No
Were there any instances of material fraud or error in respect to operations noted?	No
Were there any material uncertainties, conditions or events affecting going concern noted?	No
Were there any instances of material non-compliance with laws and regulations noted?	No
Were there any instances of significant non-compliance with policies and procedures noted?	No
Are there any expected modifications to auditor's report?	No
Audit Process	**Outcome**
Level of preparedness for audit sufficient?	Yes
Draft trial balance available at agreed date?	Yes

Financial snapshot

Financial results year on year





Key Comments

- Grant revenue increased in FY24 predominantly due to new approach of applying overhead to grant funding ($2.16m).
- Cash decrease is primarily due to payments made to suppliers, employees and $1.1m repayment of contract liability during the year.
- Decrease on right of use asset was mainly a result of depreciation charge for the year.
- Employee expenses increased predominantly due to annual wage increments.
- Agency and contractors expense decreased compared to prior year with lower services provided by Therapy Pro.
- Interest lease expense increased with a full year of new leases at a higher internal borrowing rate.

Audit results

Audit Opinion

The audit report we expect to issue on the financial report will be unmodified, that is a clean audit opinion. A draft copy of our proposed audit report is included at Appendix 1.

Audit Adjustments

Unadjusted Misstatements

Australian Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements.

Adjusted Misstatements

We are to inform the Board Members of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. A listing of adjusted misstatements is included in Appendix 2.

Materiality

Auditing standards require that we apply the concept of materiality in planning and performing an audit of a financial report. Misstatements, including omissions are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users of the financial report. The determination of materiality is a matter of professional judgement, and is affected by our perception of the financial information needs of users of the financial report.

In establishing the overall materiality, we considered that the entity is a not-for-profit entity and as such gross revenue or gross expenditure are the most relevant bases for users of the financial report. The overall materiality was not required to be reassessed during the audit.

Audit Risk Categories

On the following page we have identified key audit risk areas in relation to the audit of the financial report. The potential risk of misstatement was determined based on audit experience and current industry trends. From our audit procedures performed we were able to conclude on the remaining residual risk to the entity.

We have presented the issues in three categories: high, medium and low risk areas. These are defined as follows:

High

A judgmental assessment of inherent risk as high relates to those risks which require special audit consideration (in terms of the nature, timing or extent of testing) because of: the nature of the risk, the likely magnitude of the potential misstatements (including the possibility that the risk may give rise to multiple misstatements) and the likelihood of the risk occurring.

Medium

A judgmental assessment of inherent risk as medium relates to a risk that requires additional audit consideration beyond what would be required for a low risk, but which does not rise to the level of a high risk.

Low

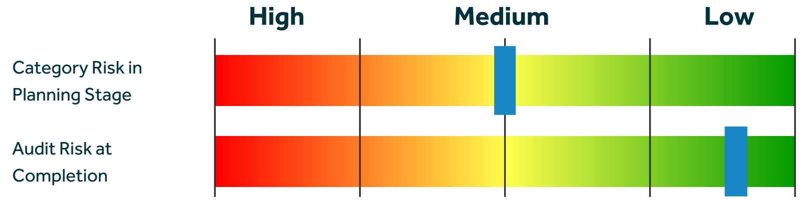
A judgmental assessment of inherent risk as low is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgment. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring. We do not, as a matter of course, discuss low risks with those charged with governance unless we seek their confirmation on the judgment that has been applied.

Summary of audit risks

Risk Area	Audit risk assessment (H/M/L)	Possible risk of misstatement due to	Residual risk subsequent to audit procedures
Financial Reporting	Medium	• Australian Accounting Standards - Simplified Disclosures	Low
Property, Plant and Equipment	Medium	• Material area of estimation, judgment and uncertainty • Significant financial statement balance • Fair value assessments	Low
Expenditure/ Creditors	Medium	• Inadequate financial statement disclosure • Risks in relation to unrecorded liabilities and cut-off • Incorrect recording of GST • Inadequate financial statement disclosure • Risk of incorrect classification of expenses that should be otherwise capitalised	Low
Grant Revenue/ Grants in Advance	Medium	• Overstatement of revenue • Significant financial statement balance • Cut-off errors; incorrect accounting between revenue and revenue in advance	Low
Salary and Wages/ Employee Entitlements	Medium	• Significant financial statement balance • Compliance with relevant laws and regulations for payroll • Incorrect authorisation and processing of payroll including leave • Estimation and judgement for employee provisions • Inadequate financial statement disclosure	Low
Leases	Medium	• Risk of non-compliance with AASB 16 Leases. • Inadequate disclosure in the financial statement.	Low
Trade Receivables/ Fees for Service	Medium	• Risks in relation to the recoverability of trade receivables • Understatement of provision for impairment • Inadequate authorisation of bad debt write-offs • Inadequate financial statement disclosure • Overstatement of fees for service revenue	Low

Financial Reporting

Risk assessment



Risk Issues

- Australian Accounting Standards - Simplified Disclosures

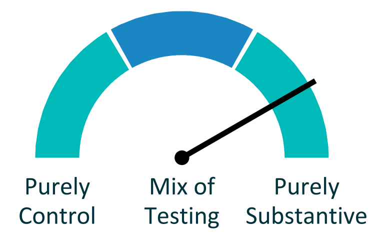
Audit Procedures Performed

- Detailed review of financial statement disclosures for compliance with Australian Accounting Standards - Simplified Disclosures
- Testing of financial report to underlying accounting records

Results of Testing

- No issues arose from our audit procedures

Testing Approach

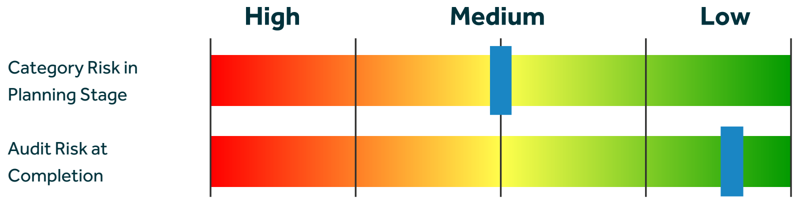


Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Property, Plant and Equipment

Risk assessment



Risk Issues

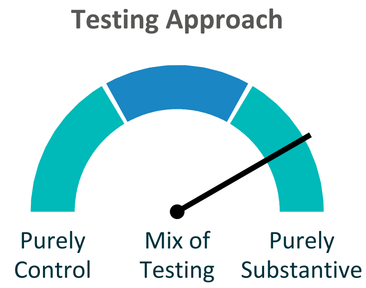
- Material area of estimation, judgment and uncertainty
- Significant financial statement balance
- Fair value assessments

Results of Testing

- No issues arose from our audit procedures

Audit Procedures Performed

- Review of the reconciliation between the fixed asset register and the general ledger
- Sighting of material fixed assets to evidence existence
- Testing of depreciation rates and useful lives
- Testing of material purchases to supporting documentation
- Testing of material disposals to supporting documentation and recalculation of gain/loss on disposal
- Review of material repairs and maintenance expenditure to ensure correct treatment of expense vs capitalisation
- Review of property, plant and equipment for indicators of impairment
- Review of financial statement disclosure

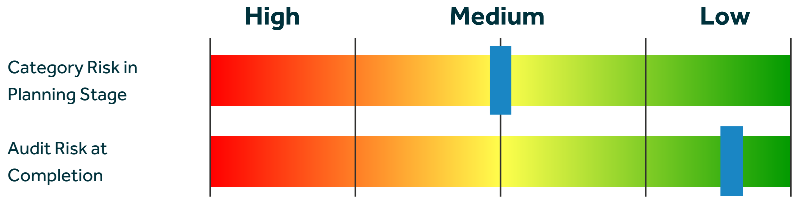


Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Expenditure/ Creditors

Risk assessment



Risk Issues

- Inadequate financial statement disclosure
- Risks in relation to unrecorded liabilities and cut-off
- Incorrect recording of GST
- Inadequate financial statement disclosure
- Risk of incorrect classification of expenses that should be otherwise capitalised

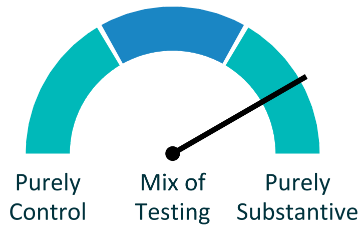
Results of Testing

- No issues arose from our audit procedures

Audit Procedures Performed

- Walkthrough of the authorisation, posting and payment of expenses, including purchase authorisation, posting of invoices, reconciliation of creditors and accruals
- Review of a sample of credit card expenditure and employee reimbursements to supporting documentation and authorisation
- Testing of significant expenses and a sample of other expenses to appropriate supporting documentation; including the review of GST treatment and general ledger classification
- Testing of creditors and accruals to supporting documentation
- Testing of subsequent payments and for unrecorded liabilities
- Review of financial statement disclosure

Testing Approach

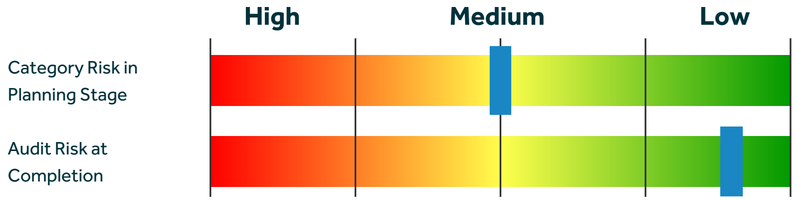


Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Grant Revenue/ Grants in Advance

Risk assessment

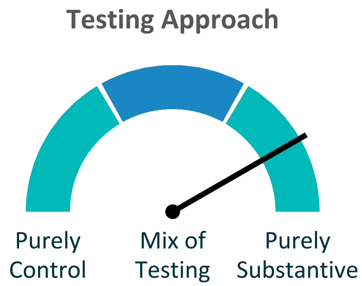


Risk Issues

- Overstatement of revenue
- Significant financial statement balance
- Cut-off errors; incorrect accounting between revenue and revenue in advance

Audit Procedures Performed

- Understanding of the accounting system including walkthroughs for key revenue sources
- Testing of grant revenue to supporting documentation such as grant agreements and recipient created tax invoices
- Review of grant agreements to assess whether terms and conditions were adhered to, including any requirements to refund unspent grant funding
- Testing of year end cut-off between periods
- Review of financial statement disclosure



Results of Testing

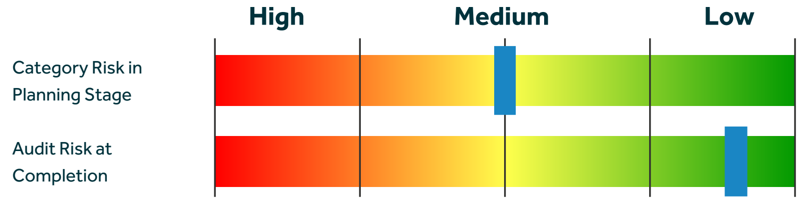
- No issues arose from our audit procedures

Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Salary and Wages/ Employee Entitlements

Risk assessment



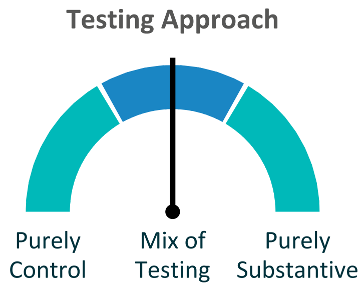
Risk Issues

- Significant financial statement balance
- Compliance with relevant laws and regulations for payroll
- Incorrect authorisation and processing of payroll including leave
- Estimation and judgement for employee provisions
- Inadequate financial statement disclosure

Results of Testing

- No issues arose from our audit procedures

Audit Procedures Performed



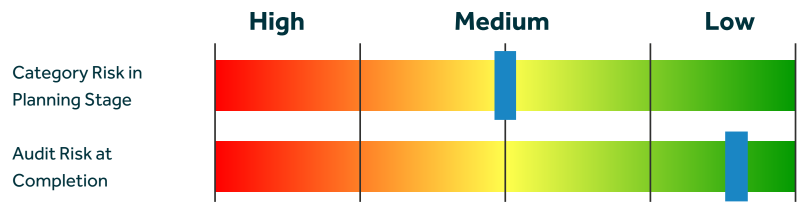
- Walkthrough of the authorisation, preparation and processing of payroll to ensure compliance with agreed payroll procedures
- For a sample of employees, review of personnel files for completeness and existence of supporting documentation, including authorised contracts, TFN's and superannuation fund notifications
- A sample of payroll runs selected and agreed to the bank statements and the general ledger
- Detailed analytical review of payroll including wages, superannuation and WorkCover; explanations obtained from management for any significant and/ or unusual variances
- Testing of long service leave and annual leave entitlements completed for a sample of employees
- Comparison of long service leave calculation to requirements of Australian Accounting Standards
- Review of financial statement disclosure

Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Leases

Risk assessment



Risk Issues

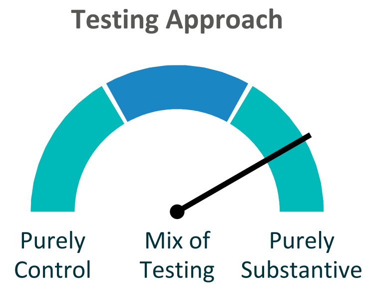
- Risk of non-compliance with AASB 16 Leases.
- Inadequate disclosure in the financial statement.

Audit Procedures Performed

- Review the application of AASB 16 to the entity's lease agreements.
- Review the calculation of the value of right-of-use assets and lease liabilities.
- Assess whether financial statement disclosures satisfy the requirements in AASB 16.

Results of Testing

- No issues arose from our audit procedures

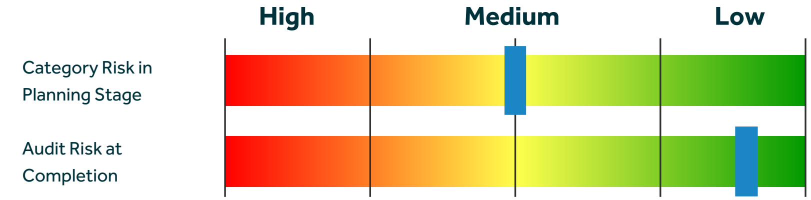


Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Trade Receivables/ Fees for Service

Risk assessment



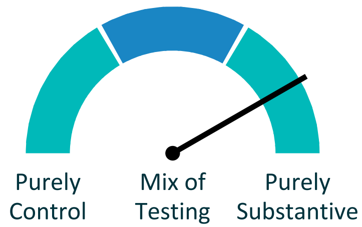
Risk Issues

- Risks in relation to the recoverability of trade receivables
- Understatement of provision for impairment
- Inadequate authorisation of bad debt write-offs
- Inadequate financial statement disclosure
- Overstatement of fees for service revenue

Audit Procedures Performed

- Analytical review of the ageing of trade receivables
- Testing of receipts subsequent to balance date
- Review of the provision for doubtful debts for adequacy
- Review of bad debt write-offs
- Review of financial statement disclosure
- Walkthrough of the initiation, posting and receipt of invoices, reconciliation of debtors and accrued income
- Testing of fees for service revenue to supporting documentation such as invoices and to receipts at bank
- Testing of billing processes for examples NDIS claims (as appropriate)

Testing Approach



Results of Testing

- No issues arose from our audit procedures

Audit Conclusion

- Our audit procedures have not highlighted any material misstatements.

Audit services and the risk of fraud

Auditing Standard ASA 240 requires us to consider the risk of material misstatement in the financial report as a result of fraud and error.

We conducted a number of procedures during our audit for the consideration of the risk of fraud, including:

- Making enquiries of those charged with governance and management to obtain an understanding of how those charged with governance exercise oversight over management's processes for identifying and responding to fraud risks;
- Considering whether any fraud risk factors are present;
- Making enquiries of management and those charged with governance to determine whether they have knowledge of any known or suspected fraud;
- Performing analytical procedures and considering any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing estimates for biases that could result in material misstatement due to fraud;
- Obtaining written representations from management that it acknowledges its responsibility for the design and implementation of internal controls and that it has disclosed any known or suspected fraud.

Our procedures included specific testing around revenue recognition and journal entries as required under the Auditing Standards.

Responsibility of those charged with governance
The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management. Management are responsible for maintaining accounting records and controls designed to prevent and detect fraud and error in addition to the accounting policies and estimates in the financial report.

Conclusion

Our work performed did not identify any fraud matters to report and Management have confirmed that there have been no instances of fraud during the year to the best of its knowledge and belief.

Communication of other matters

Matters to be considered	Work performed	Outcome
Irregularities and illegal acts	We have noted no errors or irregularities that would cause the financial report to contain a material misstatement. As part of our normal statutory audit no apparent illegal acts have come to our attention.	●
Non compliance with laws and regulations	We are not aware of any known or suspected material non-compliance with laws or regulations applicable to the entity that may be material to the financial report. We will also receive representations from management confirming that the entity is compliant with all laws and regulations that impact the organisation.	●
Appropriateness of Accounting policies	Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used are described in Note 1 to the financial statements. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognised in the financial statements in a different period than when the transactions occurred.	●
Material Uncertainties and Going Concern	As part of our audit we inquired with management concerning the application of the going concern assumption. We have assessed this assessment and agreed with the conclusions reached by management regarding the appropriateness of the going concern assumption. Management's assessment of going concern will be included in the management representation letter.	●
Disagreements with management	There have been no disagreements with management during the course of the audit.	●
Independence of Auditor	Nexia Edwards Marshall has not provided non-assurance services during the financial year other than financial statements preparation. Appropriate independence safeguards were observed.	●

Areas for improvement

Deficiency in Internal Controls Classification

We have ranked the issues raised in order of their importance and risk to enable you to prioritise the control findings. The key to the colour coding used below is as follows:

Category A

Those matters which pose significant business or financial risk, including financial reporting risk, to the client and should be addressed as a matter of urgency. This assessment is derived from considering the likelihood and consequence of the underlying risk.

Category B

Those matters which pose moderate business or financial risk, including financial reporting risk. This assessment is derived from considering the likelihood and consequence of the underlying risk.

Category C

Those matters which are procedural in nature or minor administrative failings. These could include minor accounting issues or relatively isolated control breakdowns which need to be brought to the attention of management.

Areas for improvement

Current year recommendations

Area	Risk rating	Issue identified	Audit recommendations	Management Comment
PPE	Category C	During the audit we noted that a depreciation adjustment in PPE was made which was not allocated to each particular PPE category.	We recommend to allocate the depreciation numbers to their respective category for a standard presentation.	

Prior year recommendations

Area	Risk rating	Issue identified	Audit recommendations	Updated observations
Suppliers Masterfile	Category C	During the audit we noted instances of missing or invalid supplier information in Xero and a case of payment made in error to a different organization.	Whilst we noted that the purchase software (Dext) extract data from invoices and automatically review ABN as part if the data entry process, we recommend that management review the supplier Masterfile in Xero and ensure that supplier details are current and updated for processing payments and generating bank files.	This issue has been resolved during FY24.

Appendix 1 – Draft Independent Auditor's Report & Independence Declaration

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED

Opinion

We have audited the financial report of Child and Youth Services Mutual Limited ('the Entity'), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Child and Youth Services Mutual Limited, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012;* including:

(i) giving a true and fair view of Child and Youth Services Mutual Limited financial position as at 30 June 2024 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022.*

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 entity, in accordance with 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 our opinion.

Other information

The Directors are responsible for the other information. The other information comprises of the information in the Directors report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The Directors of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary, to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the entity's ability 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 entity, or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole, is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- 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 entity'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 entity to cease to continue as a going concern.

Appendix 1 – Draft Independent Auditor's Report & Independence Declaration

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED (CONT)

Auditor's responsibility for the audit of the financial report (Cont)

- 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 audit evidence regarding the financial information of the entity's or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group 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.

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

Dated

AUDITOR'S INDEPENDENCE DECLARATION

TO THE MEMBERS OF CHILD AND YOUTH SERVICES MUTUAL LIMITED

In accordance with the requirements of subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012,* I declare that, to the best of my knowledge and belief, during the audit of Child and Youth Services Mutual Limited for the year ended 30 June 2024 there have been no contraventions of the independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* in relation to the audit.

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

Dated

Appendix 2 - Adjusted Misstatements

		Asset		Liability/Equity		Net Surplus/ (Deficit)	
Account Code	**Account**	**DR**	**CR**	**Dr**	**CR**	**DR**	**CR**
960	Retained Earnings				21,572		
610	Accounts Receivable		291				
715	Leasehold Improvements	21,954					
716	Leasehold Improvements Accumulated Depreciation		91				
To adjust beginning balance of Retained Earnings for the PY FS adjustments not taken up in Xero							
753	Deferred Accul Depreciation		167,533				
711	Office Equipment Accumulated Depreciation	3,844					
716	Leasehold Improvements Accumulated Depreciation	88,071					
718	Office Furniture Accumulated Derepciation	42,165					
721	Computer Equipment Accumulated Depreciation	33,453					
To allocate the "Depreciation Adjustment" into their related categories for correct financial statements presentation							
605	Right of Use Asset - Unley	939,028					
651	Right of Use Asset – Unley Acc Depreciation		939,028				
655	Right of Use Asset – Elizabeth	632,535					
656	Right of Use Asset Acc Depreciation		632,535				
To reinstate the old Right of Use Assets for correct presentation							

Total	**1,761,050**	**1,739,478**	**0**	**21,572**	**0**	**0**
Net Profit/ (Loss) Impact						**0**

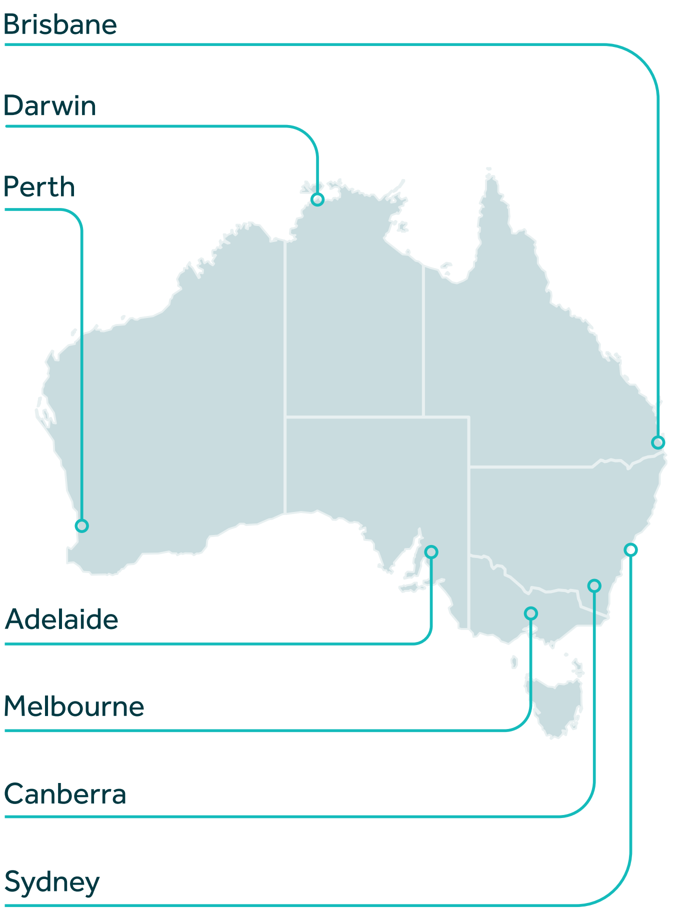
Who we are

At Nexia Edwards Marshall our purpose is to deliver an exceptional partner-led service every step of the way, connecting your organisation with your true potential.

At Nexia Edwards Marshall, we're here to help you achieve your business goals and plan for future success with bespoke solutions and personalised, practical advice. Equipped with unparalleled experience and expertise in advisory, tax, audit, business strategy, personal wealth services, and strategic thinking, we're the team you can trust to empower you to achieve your objectives and reach new heights.

We specialise in several key industries and cater to a wide range of clients, from small to medium-sized businesses to large private company groups, not-for-profit entities, subsidiaries of international companies, publicly listed companies, and high-net-worth individuals. We've had the privilege of working with market leaders in many sectors of Australian and New Zealand business, and we're here ready to help you too.

Our network in numbers



80+

Partners/Directors

560+

Team members

Our global network

Experience client centric excellence across advisory, tax, and audit with Nexia, the international network with a personal touch. Our global partner-led approach ensures a responsive and tailored service to meet your unique needs.

With over 608 offices in more than 122 countries and almost 26,000 skilled professionals, we deliver a robust network of expertise to support your success.

$2.8bn

Fee income for 2022

>250

Member firms

608

Offices globally

>122

Countries

21

Committees & business groups

25,941

People worldwide

Next steps

If you would like any further information, or to discuss anything contained within this document please do not hesitate to reach out to your Nexia Edwards Marshall Engagement Partner below.

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