CIVIC DISABILITY SERVICES LIMITED

ABN 16 000 744 141

ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2019

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DIRECTORS REPORT

Your Directors present their report on the Civic Disability Services Limited for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES:

The principal activities of Civic during the financial year were the provision of a range of services to people with a disability including vocational, residential, respite, training, and employment.

There have been no significant changes in the nature of these activities during the year.

The operating surplus for the year was $1,771,369 (2018: $1,451,368).

During the year, Civic has increased its reach in Supported Independent Living, growing across West and South West Sydney, and has increased its impact by opening two cafes providing community-based supported employment. Civic continues to focus on quality experiences for the whole Civic family, partnerships across the community, and stability as we look to the future.

STRATEGY

The Strategic Plan cascades from the Civic vision of Human Potential, Realised, through the values of Integrity, Empowerment, and Diversity to the following 4 key areas:

- Our Mana
- Our Purpose
- Our Offering
- Our Future

The Board is responsible for strategy and the Board and Senior Management develop strategy and determine the key initiatives which, for the coming year, will focus on the above key areas. Progress against these detailed initiatives is reported back to the Board.

INFORMATION ON DIRECTORS

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

- David Allen Gibney (Resigned 15 July 2018)
- Luke Ronald Streater (Resigned to take leave of absence from 23 June 2019)
- Dunstan Ignatius de Souza
- Peter Clement Lewis
- Glenn Robert Coleman
- Kelly Sue Wood
- Michael John Coughtrey
- Elizabeth Mary Clowes (Resigned 26 November 2018)
- Leslie Harold Roelandts
- Mona Anne Randall (Appointed 24 October 2018)
- Susan Terese Saunders (Appointed 24 October 2018)

The position of Company Secretary was held by Michael Churchman, Civic's CFO.

There have been no changes to the Board or Company Secretary since 30 June 2019.

GOVERNANCE STATEMENT

Governance within Civic is built on strategic planning, sound management, and risk-based decision making.

Civic's Board has overall responsibility for setting and approving the strategic direction, annual budget and ensuring effective Corporate Governance, including management performance and legislative and regulatory compliance. The Board is also responsible for ensuring that significant risks are identified and appropriate controls implemented.

Civic's governance framework, policies and procedures are based on the Australian Standard AS8000-2003 'Corporate Governance- Good Governance Principles'.

In line with best-practice, the Board operates with the assistance of committees to ensure high level of knowledge and feedback from the operations of the Organisation. The committees are:

Audit and Finance Committee

The Audit and Finance Committee's role is to provide advice and assistance to the Board in fulfilling its responsibilities in respect to Civic's strategy, operations and control frameworks in relation to financial reporting and external audit.

Corporate Governance and Risk Committee

The Corporate Governance Committee assists the Board to ensure that Civic operates in compliance with all Corporation Law and in accordance with Good Corporate Governance principles. This committee also assists the Board to oversee and review Civic's Risk Management system in accordance with relevant regulations, standards and guidelines, including ISO 31000 - Risk Management.

Quality Outcomes Committee

The Quality Outcomes Committee advises the Board on the client outcome measurement framework, Civic's service effectiveness and our standards of practice.

DIRECTORS

David Allen Gibney CPA

A Director since 1992 until his resignation on 15 July 2018. David was a Director and President of the Handicapped Children's Centre. Prior to retirement he was a self-employed Management Accountant and Contractor. David passed away following a short illness in August 2018. David was a Director of Civic for over 25 years and his contribution will be missed.

Luke Ronald Streater B.Bus.(LandEcon.) GAICD

A Director since 1997 until resigning to take a leave of absence on 23 June 2019. Luke holds a Bachelor's Degree in Business (Land Economy), is principal of his own construction company, and has over 20 years' experience in property development and construction being a registered Real Estate Valuer from 2002 to 2016. Luke was Chair of Civic Disability Services from the 2010 Annual General Meeting until his leave of absence. Luke is a graduate and member of the Australian Institute of Company Directors.

Dunstan Ignatius De Souza BEc (Sydney) LLB

A Director since 2010 and Civic's Chair from 23 June 2019. Dunstan was admitted as a solicitor in 1985 and is presently admitted to the High Court of Australia and the Supreme Court of New South Wales. He is the former managing partner of national law firm Colin Biggers & Paisley and is now the firm's senior partner. He served as a Director on the Advisory Board of the Sisters of Mercy Parramatta from 2005 to 2009 and as a director of the Apex Foundation from 1998 to 2009. He also sits on the Crown Land Board managing the Hungry Point Reserve.

Peter Clement Lewis

A Director since 2011 having previously been a Director between 1996 and 2008. Prior to retirement Peter was self-employed in the Aquaculture and Seafood Industry. He served as a Councillor and Shire President on Sutherland Shire Council and was a Councillor on Sydney County Council and subsequently a board member and Chairman of Energy Australia. Peter is currently Chairman of Sutherland Hospital Consumer Advisory Committee.

Kelly Sue Wood Master Engineering Mgmt

A Director since 2012. Kelly has a background in engineering, operations and business development including senior roles with Qantas and Integrated Defence Services, a subsidiary of Northrop Grumman. Kelly is currently an Executive Director at the NSW Office of State Revenue. Kelly is the Chair of Civic's Corporate Governance & Risk Committee.

Glenn Coleman Grad Dip Applied Finance

A Director since 2012. Glenn is CEO and Managing Director of Coleman Group, Australia's leading exhibition, event and retail signage provider. Glenn has over 35 years' experience in the business which was established in 1948 and now has 55 full time staff. Glenn has also been a developer of affordable housing and seniors living style projects in the Sydney area. In younger days Glenn played 11 seasons for NRL Club Cronulla Sharks, more recently serving the club as both Director and Chairman. With a passion for business and finance, Glenn brings business expertise and his community experience to the role of Director.

Michael Coughtrey B.Bus, LLB, CA

A Director since 2014. Michael is a Chartered Accountant with both Bachelor of Business and Law degrees and significant experience in the profession. Michael is the Managing Partner of the Sydney Office of UHY Haines Norton, Chartered Accountants and is also the Chair of their UHY Haines Norton network across Australia and New Zealand. Michael is the Chair of Civic's Audit & Finance Committee.

Elizabeth Mary Clowes BA, LLB (Honours)

A Director since July 2015 until her resignation on 26 November 2018. Elizabeth is a senior executive in human resources and industrial relations and has extensive experience in organisation change. Elizabeth is the Human Resources Director at Schindler Lifts Australia following senior corporate HR roles and, as a solicitor, in workplace relations advisory roles.

Leslie Harold Roelandts Adv Dip Applied Mgmt

A Director since 2017. Les is skilled in the implementation of business strategies and initiatives, which provide future growth opportunities and improved business performance contributing to on-going business success. He brings experience from operational and change management roles at Qantas and Northrop Grumman. Les is the Chair of Civic's Quality Outcomes Committee.

Mona Anne Randall B. Commerce, CPA

A Director since 2018. Mona is a commercially and operationally focused senior finance executive offering over 20 years' experience built working in ASX listed companies from a variety of industries that include Retail, Aviation, Manufacturing, non-profit, and Health.

Susan Terese Saunders B.Sc. (Hons) Microbiology, Dip. Marketing

A Director since 2018. Sue brings over 25 years of management experience across Customer Experience programs, Customer Service and Commercial leadership predominantly in the healthcare industry. Sue currently works as Business Process Owner Asia Pacific for the Customer Experience Team of Johnson & Johnson and is an active member of the company's employee resource group focusing on diversity.

Company Secretary Michael John Churchman CA, AGIA

Company Secretary since July 2016. Michael has extensive experience in the Disability Sector in CFO and Company Secretarial roles following a corporate career in senior finance roles in Australia and overseas.

MEETINGS OF DIRECTORS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Board		Audit & Finance Committee		Corporate Governance & Risk Committee		Quality Outcomes Committee	
	A	B	A	B	A	B	A	B
David Gibney	0	0	0	0	0	0	-	-
Luke Streater	10	9	6	5	4	2	4	3
Dunstan de Souza	10	6	-	-	-	-	-	-
Peter Lewis	10	10	-	-	3	2	2	1
Glenn Coleman	10	9	6	5	-	-	-	-
Kelly Wood	10	8	-	-	2	2	-	-
Michael Coughtrey	10	8	6	6	-	-	-	-
Liz Clowes	5	1	-	-	2	2	-	-
Les Roelandts	10	7	-	-	5	5	4	4
Mona Randall	7	7	4	4	-	-	-	-
Sue Saunders	6	5	-	-	-	-	2	2

A Meetings entitled to attend
B Meetings attended

DIRECTORS BENEFITS

The Board Members of Civic provide their time and expertise on a voluntary basis and receive no fees, salaries or benefits for the work they undertake on behalf of Civic.

No Director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the company or a related body corporate with the Director, a firm of which a Director is a member or a company in which a Director has a substantial financial interest.

MEMBERS GUARANTEE

In the event of Civic being would up, each Member would be required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Company. At 30 June 2019, the number of Members was 86 (2018: 84) and the maximum total amount Members would contribute is \$172 (2018: \$168).

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, Civic Disability Services Limited has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during the financial year or since the financial year end.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

SIGNIFICANT AFTER BALANCE DATE EVENTS

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

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-For-Profits Commission Act 2012 is set out in this report.

Signed in accordance with a resolution of the Board of Directors:

[signature]	18 September 2019
Director	Dated
[signature]	18 September 2019
Director	Dated

CIVIC DISABILITY SERVICES LIMITED

ABN 16 000 744 141

ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2019

FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2019

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
REVENUE			
Funding Received		40,739,844	33,551,309
Interest Received		20,302	34,638
Other Revenue	4	5,287,109	4,115,652
TOTAL REVENUES		**46,047,255**	**37,701,599**
EXPENSES			
Personnel expenses		-35,574,776	-29,625,421
Depreciation, Amortisation and Impairment expense		-1,197,778	-1,012,109
Borrowing costs expense	6	-92,156	-113,728
Vehicle Running Expenses		-626,968	-433,882
Rental, Rates & Power		-1,986,637	-1,263,272
Other expenses from ordinary activities	5	-4,797,571	-3,801,819
TOTAL EXPENDITURE		**-44,275,886**	**-36,250,231**
OPERATING PROFIT (LOSS) BEFORE INCOME TAX		**1,771,369**	**1,451,368**
OPERATING PROFIT (LOSS)		**1,771,369**	**1,451,368**

CIVIC DISABILITY SERVICES LIMITED

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ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Current Assets			
Cash Assets	11	3,185,283	3,465,416
Receivables	10	3,620,068	1,965,158
Inventories	9	42,485	45,423
Other Current Assets	10	637,561	218,541
TOTAL CURRENT ASSETS		**7,485,397**	**5,694,538**
Non-Current Assets			
Property, Plant and Equipment	7	27,235,767	27,258,860
TOTAL NON-CURRENT ASSETS		**27,235,767**	**27,258,860**
TOTAL ASSETS		**34,721,164**	**32,953,398**
Current Liabilities			
Payables	13	1,876,120	2,005,656
Borrowings Current	8	400,000	2,200,000
Short Term Provisions	12	2,578,822	2,370,444
Other Current Liabilities		226,962	0
TOTAL CURRENT LIABILITIES		**5,081,904**	**6,576,100**
Non-Current Liabilities			
Borrowings Non-Current	8	1,500,000	0
Long Term Provisions	12	291,732	301,138
TOTAL NON-CURRENT LIABILITIES		**1,791,732**	**301,138**
TOTAL LIABILITIES		**6,873,636**	**6,877,238**
NET ASSETS (LIABILITIES)		**27,847,528**	**26,076,160**
Members Funds			
Accumulated Profits		20,152,140	18,380,773
Reserves		7,695,388	7,695,388
MEMBERS FUNDS		**27,847,528**	**26,076,160**

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ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2019

STATEMENT OF CHANGES IN MEMBERS FUNDS

FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
ACCUMULATED SURPLUSES/(DEFICIENCIES)		
Opening Balance	18,380,771	15,741,298
Surplus/(Deficiency) This Year	1,771,369	1,451,368
Transfer to/from Reserves	0	1,188,105
BALANCE AS AT 30 JUNE 2019 (30 JUNE 2018)	**20,152,140**	**18,380,771**
CAPITAL GAINS RESERVE		
Opening Balance	1,482	1,482
Transfer to/from Reserves	0	0
BALANCE AS AT 30 JUNE 2019 (30 JUNE 2018)	**1,482**	**1,482**
ASSET REVALUATION RESERVE		
Opening Balance	7,693,906	4,504,381
Revaluation Increment	0	4,377,630
Transfer to/from Reserves	0	-1,188,105
BALANCE AS AT 30 JUNE 2019 (30 JUNE 2018)	**7,693,906**	**7,693,906**
TOTAL SURPLUSES AND RESERVES		
Accumulated Surpluses	20,152,140	18,380,773
Capital Gains Reserve	1,482	1,482
Asset Revaluation Reserve	7,693,906	7,693,906
BALANCE AS AT 30 JUNE 2019 (30 JUNE 2018)	**27,847,528**	**26,076,160**

CIVIC DISABILITY SERVICES LIMITED

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ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2019

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	$	$
Cash Flows from Operating Activities		
Receipts from customers and service users	5,525,310	3,668,672
Payments to suppliers and employees	-43,339,693	-34,157,478
Government Funding Received	39,130,928	32,794,288
	1,316,545	2,305,482
Interest Received	20,302	34,638
Finance Costs	-92,156	-113,728
Net Cash provided by Operating Activities	1,244,691	2,226,392
Cash Flows (to)/from Financing Activities		
Movement in Borrowings	-300,000	-400,000
Net Cash provided by Financing Activities	-300,000	-400,000
Cash Flows from Investing Activities		
Proceeds of sale of PPE	73,109	78,612
Payments for improvements, plant, equipment,Motor vehicles, and furniture and fittings	-1,297,933	-2,430,454
Net Cash provided by Investing Activities	-1,224,824	-2,351,842
Net increase (decrease) in cash held	-280,133	-525,450
Cash at the beginning of the financial year	3,465,416	3,990,866
Cash at the end of the financial year	3,185,283	3,465,416

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Corporate information

Civic Disability Services Limited (Civic) is a company limited by guarantee, incorporated and domiciled in Australia. The registered office of Civic is: 103 Cawarra Road, Caringbah, NSW 2229.

The financial statements of Civic for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 18 September 2019. Further information on the nature of the operations and principal activities of Civic is provided in the directors report

2 Significant accounting policies

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-For-Profits Commission Act 2012, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. Civic is a not-for-profit entity, therefore the financial statements for Civic are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

The financial report has been prepared on a historical cost basis except for certain properties (classified as property, plant and equipment).

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The consolidated financial statements provide comparative information in respect of the previous period.

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

Changes in accounting policies:

Civic applied AASB 9 for the first time in the financial year. AASB 9 Financial instruments replaces AASB 139 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. The classification and measurement requirements of AASB 9 did not have a significant impact on Civic. Civic continued measuring at amortised cost the financial assets previously held at amortised cost under AASB 139. The adoption of AASB 9 has changed Civic's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires Civic to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss. Upon adoption of AASB 9, Civic performed ECL provision calculations and the loss allowance was immaterial therefore it has not been recognised.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by Civic for the annual reporting year ended 30 June 2018. The directors have not early adopted any of these new or amended standards or interpretations. Management are in the process of assessing the impact of the applications of AASB 15 Revenue from Contracts with Customers (effective 1 January 2019 for not-for-profit entities), AASB 1058 Income of Not-For-Profit Entities (effective 1

January 2019), and AASB 16 Leases (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of Civic.

Current versus non-current classification

Civic presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Civic classifies all other liabilities as non-current.

Comparative Figures

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of the amount of goods and services tax (GST) if applicable. The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow.

Revenue from the sale of goods is generally recognised upon the delivery of goods to customers. Donations and bequests are recognised as revenue when received. Board and lodging fees from residents - revenue is recognised when the service is provided. Fundraising and donation income - Donations and amounts collected in respect of fundraising, including cash and goods for resale, are recognised as revenue when Civic gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Trade receivables

A receivable represents Civic's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Receivables, previously classified as Loans and receivables under AASB 139 are now classified and measured as Financial assets at amortised cost under AASB 9 Financial Instruments. Receivables are recognised initially at fair value and subsequently at amortised cost. Normal terms of settlement vary from 30- 60 days. Civic assesses expected credit losses upon initial recognition of the financial asset with a forward-looking expected credit loss (ECL) approach. For trade and other receivables, Civic applies the simplified approach permitted by the standard, which requires expected lifetime losses to be recognized from initial recognition of the receivables. In prior periods, amounts not recoverable were assessed at each reporting date under AASB 139. Indicators that an amount was not recoverable include where there was objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. Any allowances for non-recoverable receivables were recognised in a separate allowance account. Any bad debts which had previously been provided for were eliminated against the allowance account. In all other cases bad debts were written off directly to the statement of profit or loss.

Funding in Advance

When the company receives funding for specific projects and are contractually obliged to provide the service in a subsequent financial period or repay the funding, the amount is recorded as funding in advance.

Income Tax

The income of the company is exempt from income tax pursuant to the provisions of the Income Tax Assessment Act.

Goods and services tax (GST)

Revenues, expenses and assets (not including Trade Debtors) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Property, plant and equipment

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

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Properties in Australia are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed every three years, by an independent valuer, to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Buildings 1% to 2.5%
- Leasehold Improvements 10% to 33.33%
- Plant & Equipment 5% to 33.33%
- Motor Vehicles 10% to 33.33%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Fair value measurement

Civic measures properties at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by Civic.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Civic uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, Civic has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Leasehold improvements are also charged as expenses in the periods in which they occur.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

The property lease commitments are operating leases contracted for but not capitalised in the financial statements.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of assets

At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such a condition exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

When it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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

Cash and short-term deposits

For the purposes of the statement of cash flows, cash includes cash on hand and deposits with banks or financial institutions, investment in money market instruments maturing within less than three months, net of bank overdrafts.

Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowings are classified as current liabilities unless Civic has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to Civic prior to the end of the financial year that are unpaid. These amounts are usually paid in 45 days. The carrying amount of the trade and other payables is deemed to reflect fair value

Provisions

General

Provisions are recognised when Civic has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When Civic expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Long service leave and annual leave

The liability for long service leave and annual leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows

Changes in accounting policies and disclosures

Financial Instruments

Civic applied AASB 9 for the first time in the financial year. AASB 9 Financial instruments replaces AASB 139 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. The classification and measurement requirements of AASB 9 did not have a significant impact on Civic. Civic continued measuring at amortised cost the financial assets previously held at amortised cost under AASB 139. The adoption of AASB 9 has changed Civic's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires Civic to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss. Upon adoption of AASB 9, Civic performed ECL provision calculations and the loss allowance was immaterial therefore it has not been recognised.

3 Significant accounting judgements, estimates and assumptions

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Civic based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Civic. Such changes are reflected in the assumptions when they occur.

4 Other operating income

	FY19	FY18
	$	$
Service user contributions	3,304,146	2,551,694
Civic industries sales	1,772,097	1,336,218
Other operating income	134,726	140,985
	5,210,969	4,028,897
Fundraising & donations	3,031	35,252
Profit (loss) on disposal of assets	73,109	51,503
	5,287,109	4,115,652

5 Other operating expenses

	FY19	FY18
	$	$
Service delivery costs	973,629	902,319
Property costs	670,569	783,705
IT costs	537,479	393,124
Professional fees	518,969	318,977
Marketing & communications costs	348,300	370,131
Cost of sales	309,342	166,571
Insurance	307,532	148,222
Other expenses	1,131,751	718,770
	4,797,571	3,801,819

6 Borrowing costs

	FY19	FY18
	$	$
Borrowing Costs	92,156	113,728
	92,156	113,728

7 Property, plant and equipment

	Land & Buildings	Leasehold mprovements	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$
Balance at 30 June 2018					
of the year:	23,975,000	746,810	1,636,984	900,066	27,258,860
Additions	288,573	438,578	452,793	1,300	1,181,244
Disposals	0	0	0	-87,890	-87,890
Revaluation	0	0	0	0	0
Depreciation, Amortisation & Impairment	-245,516	-94,390	-544,385	-313,487	-1,197,778
Add back depreciation on sale	0	0	0	81,331	81,331
Balance at 30 June 2019	24,018,057	1,090,998	1,545,392	581,320	27,235,767

	Land & Buildings	Leasehold mprovements	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$
Balance at 30 June 2017					
of the year:	19,606,253	263,940	903,885	934,267	21,708,345
Additions	208,734	577,183	1,071,544	354,769	2,212,230
Disposals	0	0	0	-121,310	-121,310
Revaluation	4,377,630	0	0	0	4,377,630
Depreciation, Amortisation & Impairment	-217,617	-94,313	-338,445	-361,861	-1,012,236
Add back depreciation on sale				94,201	94,201
Balance at 30 June 2018	23,975,000	746,810	1,636,984	900,066	27,258,860

Note: Land and buildings are valued at fair value every 3 years in line with policy. They were valued for the 2018 accounts.

8 Financial liabilities

	FY19	**FY18**
	$	**$**
Bank Loan, NAB Bank, 31 May 2019 maturity, $3.9m limit	0	2,200,000
Bank Loan, NAB Bank, 31 Oct 2021 maturity, $3.9m limit	1,900,000	0
	1,900,000	2,200,000

9 Inventories

	FY19	**FY18**
	$	**$**
Raw material at cost	42,485	45,423
	42,485	45,423

10 Receivables and Other Current Assets

	FY19	FY18
	$	$
Other trade receivables	273,394	241,270
Funding debtor	3,212,757	1,355,489
Less: Provision for doubtful debts *	0	-16,547
Trade receivables	3,486,151	1,580,212
Other receivables	133,917	384,946
Receivables	3,620,068	1,965,158

* Recognised under AASB 138. Refer to Note 2 for changes in accounting policies

	FY19	FY18
Prepaid Workers Compensation	310,884	0
Other	326,677	218,541
Other Current Assets	637,561	218,541

11 Cash

	FY19	FY18
	$	$
Cash at bank and on hand	3,185,283	3,465,416
	3,185,283	3,465,416

12 Provisions

Annual Leave and Long Service Leave	FY19	FY18
	$	$
Opening Balance	2,671,582	2,041,236
Provisions raised during the year	2,549,055	2,788,616
Utilised during the year	-2,350,083	-2,158,270
Closing Balance	2,870,554	2,671,582

13 Trade and other payables

	FY19	FY18
	$	$
Trade payables	412,259	904,854
Other payables	1,463,861	1,100,802
	1,876,120	2,005,656

14 Commitments and contingencies

The company is, on occasion, given grant funding for construction projects.

Should the nature and use of these properties change from those stated in the funding agreements, the grant monies may need to be repaid. It is currently not the intention of the company to change the nature and use of these properties and there has been no action by the company to change the nature and use of the properties.

Future minimum payments under non-cancellable operating leases as at 30 June 2019 are as follows:

	FY19	FY18
	$	$
within one year	289,530	297,312
After one year but not more than five years	438,958	346,769
More than five years	0	0
Total minimum lease payments	728,488	644,081

At 30 June 2019, Civic had 25 motor vehicle leases and 3 commercial property leases.

15 Directors remuneration

The Directors, as detailed in the Directors Report, did not receive any remuneration in the year.

16 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.
D de Souza, partner at Collins Biggers & Paisley who Civic paid $15,825 for legal advice in FY19.
D Gibney and L Streater had family members with NDIS packages receiving supports from Civic during the year.

17 Key Management personnel disclosures

	FY19	FY18
	$	$
Short term benefits	1,481,737	1,268,924
Long term benefits	50,430	0
	1,532,167	1,268,924

18 Events after the reporting period

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

DIRECTORS DECLARATION

In the opinion of the Directors of Civic Disability Services Limited:

1. The financial statements (being the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Members Funds and Statement of Cash Flows) and the notes to the financial statements, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012:
   - comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-For-Profits Commission Regulations 2013 and
   - give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date;
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The provisions of the NSW Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30th June 2019
4. The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

This declaration is made in accordance with a resolution of the Responsible Entity and is signed for and on behalf of them by:

Signed in accordance with a resolution of the Board of Directors:

______________________________	18 September 2019
Director	Dated

______________________________	18 September 2019
Director	Dated

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Auditor's Independence Declaration to the Directors of Civic Disability Services Limited

In relation to our audit of the financial report of Civic Disability Services Limited for the financial year ended 30 June 2019 and in accordance with the requirements of Subdivision 60-C of the Australian Charities and Not-for profits Commission Act 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Rob Lewis

Rob Lewis
Partner
18 September 2019

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Independent Auditor's Report to the Members of Civic Disability Services Limited

Report on the Financial Report

Opinion

We have audited the financial report of Civic Disability Services Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 r otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991.* Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015.*

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of Civic Disability Services Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2019, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

   ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Ernst & Young

Rob Lewis

Rob Lewis
Partner
Sydney
18 September 2019