

KU 2020

Educational excellence
Thriving professional workforce
Financially sustainable and scalable
Positive social impact

A N N U A L R E P O R T



Children's Services
Since 1895

PROUDLY A NOT FOR PROFIT ORGANISATION

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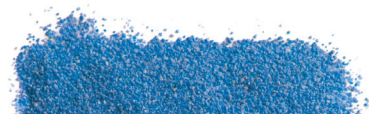
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Our Vision

Every young child experiences excellence in early education and care, inspiring learning for life.



Our Purpose

At KU, we nurture and grow children's learning. We partner with families and communities, and value children as citizens who create, think and do.





Values

Childhood

We recognise childhood as a special time in itself; a time for all children to be immersed in secure and trusting environments that allow them to explore, play, discover and learn. We nurture the development of identity, confidence and capability which form the foundations of a lifelong love of learning. We ensure the voices of children contribute to the work that we do and the decisions we make.

Integrity & Relationships

We act with honesty, openness and consistency. Our relationships are respectful, mutual and reciprocal and are built on trust, authenticity and ethical behaviour. We welcome feedback and make decisions that are responsible and fair.

Leadership

We are driven by the passionate pursuit of quality early childhood education and encourage others to share that journey. We lead by example, drawing on our experience and knowledge to shape early childhood education thinking, policy and practice.

Innovation

We have the courage to pursue bold visions of the future. We are committed to continual professional learning and organisational development. We collaborate and explore new ideas and different ways of thinking.

Sustainability

We acknowledge and consider both our heritage and our future. We embrace our responsibilities within the world around us – to our children and communities, our people, our environments and the long term sustainability of our organisation.

Diversity & Inclusion

We recognise that everyone has their own culture, beliefs, values and strengths contributing to our rich and diverse community. We embrace, advocate for, and invest in the rights of all children to access and actively participate in our programs and have a sense of truly belonging.

Chair and CEO Report

Entering into 2020, KU was embarking on a year of extraordinary promise and opportunity. Having launched a new Strategic Plan to guide us through to 2022, and preparing to mark 125 years of operation, the organisation was well placed and looking to the future.

Even as so many of our communities began to emerge from the devastating impacts of bushfires, storms, and flood, we knew we could draw on KU's history of resilience and our long-standing commitment to supporting children and families, to forge a path ahead.

Of course, the unprecedented scale of the COVID-19 pandemic drew the health, safety and wellbeing of our children, families and staff into stark focus, and shifted the priorities of the organisation. With the arrival of COVID-19, the impact on our operations was immediate and felt universally across the organisation.

From the outset, we would like to acknowledge the enormous health, psychological, social and economic toll the global pandemic has had, and will continue to have, on the community. We praise the commitment and resilience of our staff, who have continued to provide safe spaces and support for almost 11,000 children and families throughout KU. Thank you to each of you.

In the early days and weeks of the pandemic, our Executive and Crisis Response Team would meet at least daily in an effort to process and implement the enormous volume of information from Governments and the media. Like all of us, the authorities were learning as they went, so often there was a lag between announcements regarding public policy and funding, and the operational details required to implement those at an organisational or service level. KU's business continuity systems proved crucial, as did the crisis response processes that have been developed and tested

over the past several years. They provided a framework within which decisions could be taken and enacted quickly and enabled us to adapt and respond in real time as impacts of the pandemic continued to unfold.

Most KU services were categorised as 'essential services' and required to continue operating, however the nature of service delivery needed to change dramatically. At a service level, staff had to rethink how they could stay connected with and continue supporting the education of children at home; from our youngest babies to those preschoolers in their final year before transitioning to primary school. The inspirational creativity and innovation of the teaching staff saw some centres create learning and activity packs that we sent to children at home. The importance of technology as an enabler was increasingly evident. Services relied on Storypark and other digital platforms to share the educational program with children and communicate with families. Some arranged live and pre-recorded video sessions involving songs, stories and activities designed to bridge the gap between home and KU, and to provide content for children to access safely online. Other services arranged 'drive by' days so families could bring children past their centre to see familiar educators waving, and sharing signs and messages with children, from the footpath.

Feedback from families was overwhelmingly positive. Enrolments in services and family engagement remained very high throughout 2020, even during periods when physical attendance rates were extremely low, and we retained an exceptionally high Net Promoter Score (+76.4).

The closure of Australian borders significantly impacted migration, and in turn saw the temporary closure of childcare services provided by KU as part of the Adult Migrant English Program (AMEP). Similarly, the 'stay at home' instructions issued by most Australian employers saw operations suspended or scaled down in some work-based services operated on behalf of corporate clients.

KU's own Central Office, and other offices in NSW, Victoria and Queensland were also closed. With all staff being supported to work remotely, large scale logistical arrangements were mobilised to relocate IT and office furniture into people's homes.

Reflecting a year on, we must not forget what a scary time the onset of the pandemic was for everyone. Yet our staff demonstrated a level of resilience perhaps unprecedented in our organisation's history. Whether they were required to venture out into a global pandemic each day and serve as 'front line' educators, or adjust to the unexpected complexity of supporting services and keeping KU running from home, either in complete isolation or whilst juggling the needs of their own families, staff did so with great fortitude.





The safety and wellbeing of our staff is always a priority for KU, and no more so than during 2020. We stepped up support mechanisms for staff, using technology to ensure the connection to colleagues and teams remained strong. KU takes our role as an employer very seriously, and recognises that our staff, and the relationships they develop with families, are at the heart of KU. From the outset we took the decision to do everything possible to protect jobs. With the assistance of the Australian Government's JobKeeper funding, KU was able to provide job security for our 2,200 staff, keep our centres open and continue serving the community.

KU's revenue streams shifted significantly as JobKeeper and a complex range of State and Commonwealth COVID-19 funding took the place of fee income from parents. As was both our priority and obligation, KU directed funding towards eliminating or heavily discounting fees for families, maintaining employment of staff and ensuring services and families in the most vulnerable situations were supported.

The additional Government support provided to centres in areas of significant disadvantage, meant that KU's usual level of Social Impact investment in subsidising the operation of those services was not required. KU continued to deliver on our commitment to invest in social impact activities in other areas, such as our commitment to reconciliation.

Overall, KU operations in 2020 returned an unusually high surplus of \$7,648,697. As JobKeeper and COVID-19 specific funding ceases, we recognise that for many families the financial impacts of the pandemic are still being felt. Accordingly, KU has reinvested the unexpected surplus generated in 2020 into maintaining fee affordability for families. This has ensured that we are passing little or no annual fee increases to families in 2021 wherever possible.

We could not be prouder of KU's responsiveness and performance in the face of the pandemic, which was nothing short of extraordinary.

Perhaps equally extraordinary is the progress we were still able to make on our Strategic Plan. KU's new Strategic Plan, developed pre-pandemic, determined the direction and priorities for the organisation over the three years 2020 to 2022. Focussing on four key areas; Educational Excellence, Thriving Workforce, Scalable Sustainability, and Social Impact, the Plan seeks to leverage KU's existing strengths, and drive the organisation forward into the future.

In the 2020 financial year, KU achieved a number of key strategic plan objectives and operational outcomes.

The sector-leading quality of our services continues to be reflected in KU's National Quality Standards results. Whilst all our services meet or exceed the standards, an impressive 86 % are rated as Exceeding or have been awarded the coveted Excellent rating.

KU's deep and ongoing commitment to the staff who make these achievements possible was also recognised by being named Employer of Choice by the Australian Business Awards. Impressively, this is our fifth consecutive year achieving this honour, and a testament to both the culture of, and investment in, our teams.

The reach and impact of KU continued to grow as we opened the doors, mid-pandemic, of KU Ashmont Preschool and Family Centre in Wagga Wagga NSW. Planning and construction commenced on our four new sites in Victoria, three of which are wholly owned by KU, and will incorporate long day care, integrated kindergarten, early intervention and NDIS services.

Sadly, we farewellled both KU Centennial Parklands and KU Revesby at the end of 2020 as very long-term leasing arrangements came to an end.

KU's undeniable commitment to child safety, and the journey towards reconciliation with our First Nations Peoples, remained areas of strong focus in 2020.

Following the release of the findings of the Royal Commission into Institutional Responses to Child Sexual Abuse, the Governments at both State and Commonwealth levels have been responding to issues of child safety, including the creation of a National Redress Scheme. In this context, all organisations entrusted with the care of children are increasing their focus on the issue. For KU, a long-time sector leader in the area of child safety and wellbeing, this has provided an opportunity to further refine and extend our systems, processes and transparency.

The journey towards reconciliation is based on continual listening to, and learning from, Aboriginal and Torres Strait Islander peoples. Since launching KU's first Reconciliation Action Plan (RAP) in 2016, our understanding of how an organisation like KU should approach genuine reconciliation has continued to evolve. In consultation with Reconciliation Australia, 2020 saw us move away from the traditional RAP process and instead embrace a deeper commitment to reconciliation. As part of this process, KU established an Aboriginal and Torres Strait Islander Advisory Group, an independent group of highly respected Aboriginal people who provide cultural advice and guidance to KU on a range of issues as we continue our journey.

Whilst we were able to achieve so much, we also recognised that some of our plans for 2020 needed to change. Most notably, we decided to postpone the widespread celebrations we had planned to commemorate our 125th anniversary. A key part of

such a milestone is being able to engage with the many people who have shared KU's journey; current and past children and families, staff, members and life members, and our business and community partners. This simply wasn't going to be possible in 2020, however we look forward to marking 125 years of social impact through early education, in 2021.

2020 was unprecedented in so many ways, however KU's core values continued to underpin our response and operations, and ensured we remained focussed on our strategic priorities. As we look to the future and consider how we will navigate a, hopefully, post-pandemic 'new normal', it is clear we will continue to leverage our strengths, use the learnings from the past year to drive innovation, and continue to grow the impact and reach of our work with children and families.

Finally, this year represents the final Chair and CEO's Report to be presented by Laura Hartley as Chair, having served a full nine-year term on KU's Board of Directors. We both feel that the relationship between CEO and Chair is critical to the success of an organisation and are incredibly proud of what we have been able to achieve during the past four years of joint leadership of KU. Whilst we will be sad to farewell Laura from the Board when she retires at the 2021 Annual General Meeting, we are incredibly grateful for her significant contribution to KU and the strong and lasting legacy she leaves. We are confident she will remain connected to the KU family for many years to come.

Laura Hartley

Laura Hartley
Chair, Board of Directors

Christine Legg

Christine Legg
Chief Executive Officer

Where children find their voice

At KU, children find their voice. No matter how big the conversation, they have their say.

As KU children discover their sense of self, they learn to respect others. They're happy with who they are, and interested in who you are. Curious and social, they're ready for the world.



Our place, where we all belong

KU is our place, where we all belong. A safe, calm community of children, parents and educators, where small acts of kindness happen every day.

We explore the world through many cultures and perspectives. KU children learn it's OK to be different, and we can all be different, together.

We deliver,
lead and
inspire
educational
excellence



RESPONDING AND ADAPTING

Educational excellence in a pandemic



While KU took on an organisational approach to COVID-19, each KU service also needed to respond in unique ways to meet the specific needs and concerns of their community. Many services developed highly innovative ways to support their children, families and staff.

The simple process of arrival and departure of children was adapted to address logistical challenges, such as social distancing and the need to reduce the number of adults entering the services. Familiar staff members became the Concierge, greeting families at the door and accompanying children to their playroom. With many children staying at home, services quickly adapted their educational programs to support remote learning, and maintain relationships between children and their educators, and with families and friends.

Some services created resources and play-based activity packs for children to use at home. Digital platforms, such as Storypark, were used to deliver unique interactive learning experiences. Many children and families participated in online storytelling, singing, dancing and group time activities created by their educators.

During the height of the pandemic, KU Milperra Preschool used Storypark to implement a 'Weekly Preschool Connect' program to maintain communication and connections with children and families. Educators at the preschool recorded story time, music time and yoga and relaxation activities, so children and families could participate and interact at home.

2020 marked 125 years of KU providing high quality early childhood education and care to children and families.

Throughout our 125-year history, few years have provided as much uncertainty and challenged our perception of what educational excellence looks like, as 2020.

"We realised how important it was for the children and their families to stay connected to preschool, friends and educators while they were not attending the service. Through being able to view and join in group time experiences at home with their families, children continued to feel a sense of belonging and familiarity in a time where so much changed for so many," said KU Milperra Director, Stacey Gabrych.

To nurture relationships with the children and families who were not attending the centre as usual, the educators at KU Isobel Pulsford Preschool organised a drive-by "hello and goodbye". Families were invited to drive by the preschool while the educators waited on the footpath to greet them and send them messages. The staff made posters and decorated the preschool, and the children who were still attending preschool blew giant bubbles and enjoyed small exchanges with their friends.

"It was an opportunity for the children to reconnect with their educators, and for the educators to

see the children in person for the first time in a long time. It was an incredibly special morning and a memory for us all to treasure," said KU Isobel Pulsford Director, Kelly Slip.

While the COVID-19 pandemic brought unprecedented challenges, we were very proud of how each service embraced the opportunity to explore new and innovative ways of delivering high quality early childhood education and care.



Louise's story

LOUISE TATE
Parent, KU Milperra

How did KU Milperra support you and your child during COVID-19?

We received the Weekly Preschool Connect.

Can you tell us a little more about that?

The Weekly Preschool Connect was posted weekly on Storypark throughout the height of the COVID-19 outbreak when most students were learning from home. The sessions varied in length depending on what videos were uploaded. Often my son Harrison and I would spend 30 minutes at a time going through the videos and talking about the content that was included. The videos on Preschool Connect were fantastic and included the teachers reading stories, relaxation/yoga, dancing, teaching points around washing hands, hygiene and nursery rhymes.

Was there a highlight?

The highlight for Harrison was watching the educators read picture books and asking reflective questions.

How easy was it to access?

We found that using an already established platform like Storypark to communicate videos with all of the students worked really well. We did not have to learn a new platform and it was a seamless transition to learning from home. The videos were easy to access, and we could communicate with the educators through likes and comments under each video.

How did you use Storypark previously?

Previously I used Storypark as a way of seeing what Harrison had been learning on any given day. Before bed each night, Harrison and I would look through the photos and descriptions on Storypark to open up a conversation about his day and what he had learned.

Did this experience change your perception of quality early childhood education?

I have always thought very highly of the educators at KU Milperra. They go above and beyond to tap into the interests of every child and engage them in quality learning experiences. They have always been extremely inclusive to ensure the needs of all children are met through the quality learning experiences that they provide. The Weekly Preschool Connect is just another example of how the staff and Director at KU Milperra care about the children in their centre and want them to continue to grow and learn even if they are not physically attending the centre.



How did the Weekly Preschool Connect benefit Harrison?

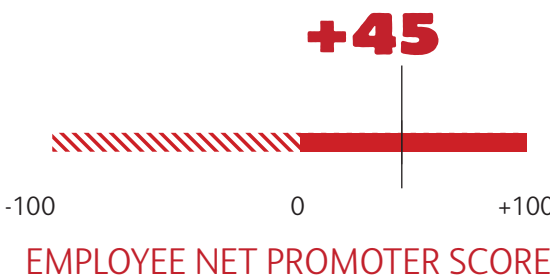
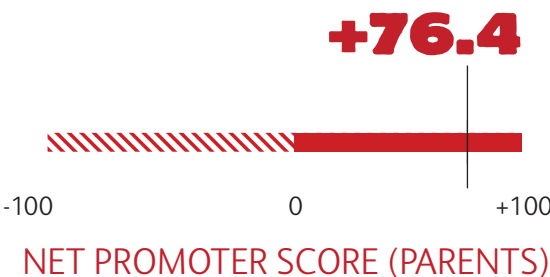
The Weekly Preschool Connect allowed Harrison to continue to see and communicate with the educators and students at KU Milperra, even when he was learning from home. He was able to see the educators teaching lessons and hear them reading books. He was able to see the students who were still attending the centre demonstrate good hygiene practices such as how to correctly wash their hands. Preschool Connect kept Harrison connected to his preschool.

What difference did it make for your family?

Working and learning from home was a very difficult time for everyone. Through the weekly videos we felt more connected to the KU community. I really feel like it benefitted Harrison's education, development and wellbeing.

COVID-19 aside, how was your overall experience at KU Milperra?

KU Milperra was the second preschool Harrison attended. Coming from another preschool could have been a difficult transition for Harrison, but thanks to the educators at KU the transition was seamless, and Harrison loved attending from day one. The centre was highly recommended in the community for Exceeding the National Quality Standards. From the moment we stepped into the centre we felt welcome. Harrison loved the natural feel of the centre which enabled him to explore open-ended learning experiences using the natural environment. The educators were caring, consistent and promoted independence in the students, preparing them for success in primary school. I cannot recommend KU Milperra enough; it is an outstanding preschool with outstanding educators.



Supporting the sector



In a year of many challenges and changing needs, the Inclusion Agencies managed by KU in QLD, NSW/ACT and VIC responsively adapted and developed innovative ways to continue to provide quality support for early childhood education and care services to support the inclusion of children with additional needs.

COVID-19 created a time when children, families and communities needed inclusion support more than ever. However, as restrictions were implemented across the nation, in-service visits and face to face communication could no longer be supported (except in certain circumstances). As a result, the NSW/ACT Inclusion Agency, Inclusion Support QLD and Victorian Inclusion Agency quickly pivoted to online platforms to conduct virtual visits and maintain ongoing contact with services. Online 'think tanks', training and planning days strengthened the capacity of Inclusion Professionals (IPs) to adapt to the changing needs of services and to discuss and develop innovative strategies to provide flexible support to services.

In a year of many challenges and changing needs, the Inclusion Agencies managed by KU in QLD, NSW/ACT and VIC responsively adapted and developed innovative ways to continue to provide quality support for early childhood education and care services to support the inclusion of children with additional needs.

Services embraced technology as an effective and efficient way to communicate and engage with IPs to support Strategic Inclusion Plan (SIP) development – suddenly services that had not engaged before were participating in reflective conversations and developing their first ever SIP. IPs also assisted services by sharing screens to support services to navigate and access the Inclusion Support Program Portal, which proved to be valuable for SIP development. Despite the challenges experienced by services due to COVID-19, there was a 10 % increase in current SIPs during the year.

While the pivot to online and phone consultations proved to be very successful and well-received by most services, it presented a challenge for services in remote communities with limited internet and phone connection, who were particularly impacted by COVID-19 due to further limited access to health services, increased staff turnover and closures of Aboriginal and Torres Strait Islander communities to external visitors.

The Inclusion Agencies strived to take on every possible opportunity to connect with services located in

these remote communities, and flexible, proactive service delivery ensured that all remote services had contact or support from IAs throughout the year. This included visits where permitted, and working with any external avenues to connect, including engaging with 'Residentials' hosted by TAFE to support Indigenous educators from remote services.

Extensive effort was put into maintaining connection, as many communities had high staff turnover which meant IPs needed to establish new connections with staff who were not familiar with the IA. IPs were highly aware and sensitive to all cultural and community protocols before visiting each remote service, and carefully considered the journey of educators in these communities to ensure the support offered was tailored to cultural needs and were realistic for the service, taking into account access to resources.

The Specialist Equipment Library (SEL) became an important way to continue to support these communities. The SEL provides resources and equipment that facilitate the inclusion of children with additional needs, such as

portable ramps, standing frames, communication resources and specialised inclusion toys and furniture. Such equipment has the ability to replace an educator's need to provide intense individual support, allowing a child more independence, choice and control over their bodies and in decision making.

The SEL was able to loan resources and equipment to services, providing stable and consistent support for children with additional needs in a time when they may have been feeling anxious about changes of educators and routines due to impacted staffing and casual staff who may not have in-depth knowledge of children's individual needs. In 2020, the KU managed SEL offered by Inclusion Support QLD responded to an increased number of requests for equipment, supporting 66 % more children during the year.

With the Inclusion Agencies continuing to be impacted by COVID-19, particularly with services in remote communities, the teams remain committed to working flexibly with services across a range of avenues to capably address barriers to inclusion.

Developing resources

With uncertainty about enrolments and attendances being sustained during COVID-19 in 2020, two publications were produced that evolved through the Professional Learning Team's support for services, which became primarily remote contact at the time.

With uncertainty about enrolments and attendances being sustained during COVID-19 in 2020, two publications were produced that evolved through the Professional Learning Team's support for services, which became primarily remote contact at the time. The 'Keeping Connected to KU' resource emerged through the necessity for KU services to maintain their strong relationship with families during early lockdown and maintaining connection with families in the disruptive and worrying period of early social distancing. It provided information that could be shared with families, either in response to a question, through their regular newsletter or as a community post or email. A second edition extended on this, sharing strategies different services had implemented to nurture relationships with families and support children's quality learning experiences at home.

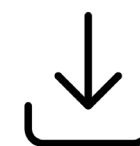
Ideas emerged through discussion of service needs and other fact sheets were produced to support the orientation of children commencing in the following year. Traditional group orientation and pre-enrolment visits were not practical, so tips were provided on how to make a video tour, hold orientation meetings online and use the Storypark platform to share information about the service to support families' familiarisation and the transition of children to the service.

The use of technology and online approaches were applied to lessen the impact of inaccessibility and these timely resources were well received as services were considering meaningful ways to continue this vital connection and to help families engage actively in their child's learning.

In addition, the Education Support Team produced a booklet titled 'This is a story about COVID-19'. The booklet was written and produced to help and support children to understand COVID-19, including the potential impact on their family, the importance of hand washing and how to manage changes that occurred as a result of the virus. It was designed with children's drawings on almost every page, depicting their understanding of COVID-19, so that family members and educators could read it to children. The drawings were created by children attending KU services during the pandemic. They show children's interpretations of measures families and educators took to keep everyone as safe as possible. When reading the story, the drawings helped families and educators discuss the text with children. The booklet was popular amongst families as it helped them communicate the impact of COVID-19 to their children in ways that children could understand.

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views/downloads
of the COVID
resources from the
KU website



The COVID-19 pandemic presented a range of unusual issues for children such as lockdowns, parents and carers working entirely from home, increased need to wash and sanitise hands, the introduction of face masks, and a need to become familiar with a new learning environment when unable to physically visit their service. The KU Sector Capacity Building Team developed a range of social stories to build educator capacity to support children through the unprecedented experiences associated with COVID-19. Social stories are customised explanatory narratives developed to support children to understand specific social situations. These resources were also shared more widely through the KU intranet and also the KU website. All social stories developed by the KU Sector Capacity Building Program were also translated into a range of community languages (Arabic, Bangla, Chinese, Farsi/Dari, Korean, Sinhala, Swahili, Urdu and Vietnamese) by bilingual KU AMEP team members in order to enable access by children for whom English is not their first language. Many preschools added photos of their own preschool and team members and sent the KU "I'm going to preschool" social story to all families of children starting preschool in 2021 as an innovative way of familiarising children with the preschool setting during COVID-19 restrictions on orientation visits.





Recognising excellence

The Annual 'Making the KU Difference' Awards acknowledge KU staff who have made a significant contribution to KU, over and above their normal duties.

In 2020, such a diverse range of nominations were received, that an additional category was added. The Winners are featured below.

*For making the KU Difference
for Children*

Cheryl Peters, KU Corrimal East

*For making the KU Difference
for Communities*

Maria Lobos Matta,
Alfred Child Care Centre

*For making the KU Difference
for Families*

Dibs Cowley, Gisella Wilson and
Paula Broughton, for KU Ashmont

*For making the KU Difference
by Representing KU*

IA Queensland Team

*For making the KU Difference
for Staff*

Eula McKane and Kiran Roy,
Permanent Relief Team

*For making the KU Difference
through Innovation*

Professional Learning and
IT Teams

*For making the KU Difference
to Quality*

KU Isobel Pulsford

*For making the KU Difference
through Sustainability*

KU Chester Hill

*For making the KU Difference
through Reconciliation*

Jennifer O'Dowd, KU Chester Hill

*For making the KU Difference
for Inclusion*

KU Karingal

The KU Marcia Burgess Award

KU Peninsula

Investing in research

KU's investment in research continued during 2020 with engagement at various stages of 45 partnered investigations, including three Australian Research Council funded projects and five PhD studies. Several investigations supporting assessment and early intervention for children with Autism Spectrum Disorder continued at KU Marcia Burgess Autism Specific Early Learning and Care Centre, funded by the Australian Department of Social Services. Our research agenda contributed positively to making a social impact, with several studies concentrating on equity and

access, as well as studies that added to the body of pedagogical evidence to support quality practice. COVID-19 presented some challenges for research activities with several studies temporarily being unable to progress. However, we continued to be valued partners in many projects through the development and proposal stages. A dissemination and translation framework has been developed to support knowledge exchange and build a culture of interpreting evidence into pedagogy, practice, decision making and advocacy.

A notable study was *Equitable Access to High Quality Early Childhood Education*, conducted by the Social Policy Research Centre, University of NSW, and funded by the Gonski Institute of Education. Delphi-style consultations and interviews with key stakeholders identified high quality practice in communities experiencing adversity and disadvantage. It culminated in an impactful report and presentation that highlighted aspects of effective engagement in early childhood education. This significant study has benefit for the sector and policy makers to deliver resources



45
research
projects

< Read more



that support successful participation of families with complex needs. Importantly, the study highlights effective service structures and characteristics in terms of approachability, acceptability, availability, affordability and appropriateness, and cross cutting issues including interagency collaboration,

practitioner skills and training, data and monitoring. This will help KU and the sector to evaluate provision and practice from the perspective of families.

The findings and recommendations of KU's investment in a major internal research study, *Leadership and Innovation in the 21st*

Century: Future-proofing early childhood organisations, were presented to the Board and Executive towards the end of the year. The findings and recommendations will help shape the development of KU's Leadership Program over the next few years.



Nurturing talent

In 2020, we supported future leaders in early childhood education through excellence awards at:

Charles Sturt University

University of Canberra

University of Newcastle

University of Notre Dame Australia

University of Sydney

Western Sydney University

We have a thriving professional workforce



Supporting staff through COVID-19

One of the major issues of concern facing KU when the pandemic began to spread and Australia entered a strict lockdown in March 2020, was how to support our teams' mental and physical health and wellbeing, whilst maintaining ongoing business practices. We sought to minimise the negative impact on our staff and demonstrate our genuine care and concern for them and their loved ones.

The activation of KU's established Business Continuity Plan enabled all Central Office based support staff to be immediately redeployed to work from home and continue supporting our frontline services. The IT Team ensured all staff were set up in their homes with all the IT equipment they needed to be effective in their roles. This enabled staff to continue to work, minimised the disruption to the flow of business as usual and enabled KU to keep our office-based staff safe in remote environments.

Communication was a critical aspect in keeping staff informed and ensuring their confidence in KU as a caring employer of choice was maintained. CEO, Christine Legg, sent frequent personal emails to staff updating them on new developments, such as the introduction of new funding and fee arrangements. We frequently surveyed



In Australia, the impact of COVID-19 has been significant on the society, the economy and businesses across all sectors, including early childhood education and care.

staff to check what was working for them and what supports needed to be changed or added. Wellness information and videos were published in response to feedback from staff and were designed to support the wellbeing of staff in different working environments.

As in our services, technology became the backbone of communication with staff, and the enabler of innovation. Virtual meetings were held online to both provide support to services, and to check on the wellbeing of support staff working from home. KU's longstanding employee assistance counselling program was also made available via Zoom as needed.

This consistent and effective interaction with staff served to strengthen staff's connection to KU and enhance the culture. The 2020 KU Employee Engagement survey reported a staff engagement rate of 91.4 % – the highest it has ever been! Similarly, KU's employee NPS was +45, up +10 from 2019, and the highest since eNPS was introduced. This increase is even more significant given that most KU staff were defined as 'essential services' and remained at the front line engaged in service delivery throughout the COVID-19 pandemic.

KU was able to apply for JobKeeper to reduce the negative financial impact on the business resulting from parents removing their children out of childcare due to job losses, loss of income, lockdowns, change in family dynamics and other factors brought about by COVID-19. Staff were informed about this development and kept abreast of changes to JobKeeper that affected their individual circumstances as well as the sector. KU is particularly proud of our casual staff who continued to work whilst receiving JobKeeper. Many casuals in the early childhood education and care sector did not continue to work during COVID-19, and the fact that KU's casual staff continued to work is a testament to the long-term relationships KU cultivates with our staff, and also the fact that staff value KU's unwavering commitment to their safety and wellbeing.

Due to COVID-19, KU Central Office has experienced greater productivity with staff working from home, and this has encouraged the introduction of increased flexible working arrangements for office-based support staff going forward.

Given that KU's reputation as an employer of choice has received significant endorsement by staff, we recognise that it is important to maintain these results in a non-crisis environment. As we look to the future, we will leverage the positive learnings from 2020 to ensure our staff continue to feel valued and connected to KU.



Jackie's story

JACKIE STAUDINGER
*Director at
 KU Macquarie Fields*



Our staff are at the heart and are a key strength of KU. This was especially true in 2020, with frontline employees in early childhood services considered to be 'essential workers' during the pandemic by the government.

We spoke with Jackie Staudinger, Director at KU Macquarie Fields Preschool, to hear about the experience of the staff at the preschool.

KU Macquarie Fields has 14 staff including 13 educators and a Family Coordinator. The preschool has a vulnerable community, with 24 of the 70 children at the service being diagnosed with a disability and a similar number of children needing additional support. Many families at the service are also considered low-income earners.

During the year, the staff needed to make changes to how they supported children's learning and development. The preschool held a virtual playgroup twice a week via Zoom for children in the playgroup, which was then extended to children who were unable to attend preschool in person. The sessions included singing, dancing, a story of the week and provided activities for children and families to take part in at home.

"Our team really started to embrace Storypark as a means of communication. We put together activity packs for children to take home which included craft activities and other projects such as instructions on how to make playdough and cooking multicultural dishes such as roti. Children and families took part in these at home and the experiences were shared on Storypark which the families appreciated," said Jackie.

As each staff member at KU Macquarie Fields was entitled to JobKeeper, all staff were fortunate to remain employed and working their regular hours throughout the year, however it was not without its challenges.

"One of the biggest challenges was ensuring our team was in good health and good spirits. Some staff had to manage matters in their personal lives such as their partners losing work due to the pandemic or needing to find family to look after their children who were attending school from home so they could come into work."

"Many of our staff could have taken personal leave to look after their children at home, but none did. They found loved ones to help out at home and came in to help support the vulnerable children and families at our service. I was so proud of their commitment."

While the pandemic caused some anxiety and uncertainty, the staff at the preschool chose to keep positive by focusing on supporting children and maintaining positive relationships with families.

"We kept ourselves busy and we were always planning something. We held regular get togethers and morning teas online. We did aerobics with the children some mornings to keep everyone in a positive mindset, and we focused on doing things for others and making other people happy, like creating hampers for some of our families who were doing it tough," said Jackie.

All staff had access to KU's Employee Assistance Program, and the preschool received a lot of support from Central Office staff and departments, especially their Education and Quality Manager, Brooke Rankin, and the Child Wellbeing Team.

At the end of the year, KU Macquarie Fields held a picnic in the local park, with a parent from the preschool mowing squares into the lawn so the children, families and staff could celebrate together while maintaining social distancing.

"Our staff have a wonderful relationship with our children and families and throughout the year we never lost our sense of community," said Jackie.

Professional learning online

Heavy restrictions on face-to-face training saw KU's Professional Learning Team re-examine the existing program of course offerings, and ways to modify and develop course content to transform sessions to the online environment. Planned 'in person' events were adapted to be offered as short webinar sessions or a series of sessions, providing sustained involvement and opportunities for practice and reflection inbetween. The team refined presentation styles to fit the new medium and developed skills to engage participants in deep learning that sustains effective adult education. The team also developed technical understanding with support from the IT Team, using new platforms for delivery such as Zoom meetings, piloting self-paced learning modules, and initiating the *Provoking Minds* podcast series that promoted upcoming events.

The team came together weekly to share new technical knowledge and build capacity and understanding. They also designed online approaches to maintain coaching and mentoring instead of the usual service visits and brought Communities of Practice and other project participants together inventively. They built on newly learned approaches to design a creative and engaging online program, making the desirable transition to online and blended approaches inevitable.

After a series of successful workshops with internationally acclaimed educator and speaker, Ann Pelo, were abruptly ceased by travel restrictions and distancing requirements, a resourceful podcast series featuring Ann Pelo was produced and this remains a legacy of our digital response.

Despite the restrictions, an impressive 185 events were offered throughout the year, including 127 online sessions. This was responded to with an enthusiastic 4,794 registrations, made up of 3,891 KU staff and 903 external registrations. KU's reach remained strong during a time of intense pressure in the sector. 81 % of attendees joined virtually, and online learning provided a lifeline when coming together for face-to-face professional learning was impossible. This investment in preparation and technology skills significantly advanced our professional learning program within the sector.



Employer of Choice...



again!

KU Children's Services is very proud to have been recognised as an Employer of Choice at The Australian Business Awards 2020, and it is the fifth year in a row that KU has won the prestigious citation.

The award recognises KU as a leading workplace that has maximised the full potential of their workforce through practices that demonstrate effective employee recruitment, engagement and retention.

After becoming the first early education provider to ever win the award five years ago, and with over 2,000 employees across 128 services, KU has established itself as one of the leading employers in early childhood education in Australia.



[< Read the full story online](#)

Kat Varga

PAST PARENT

(KU Union, 2017-2019)

Experience and Memories with us.



What are some of the highlights and memories from your KU Experience as a parent?

KU was always a welcoming and safe place for the children. When they walked through the doors Astrid would be off looking for her friends. She never asked to stay home as she wanted to play with her friends and see the wonderful staff at KU. The staff were kind, patient and really cared for the children around them. As a parent it was great to see the kids prepare or celebrate for events such as Christmas or Mother's Day. I treasure Astrid's special artwork that she made at KU for these events.

Is there something that your child talks about as a memory from their time at KU?

Astrid is now in her first year of kindergarten but still talks about KU, her friends, and her carers. Being in kindergarten we are doing lots of reading at home. Astrid will bring home books from the school library that she recognises or liked that were read to her at KU.

There are also multiple requests of when she will be able to see wonderful educators Kristina, Mel and Katarina to name a few. COVID-19 has made this difficult to do, however we still pass on group photos to KU Union to say hello.

Does your child stay in contact with anyone from her year?

Yes, we are. This year Astrid saw her mates, Ava, Manon, William and Arthur for play dates or birthdays.

Are you aware of the ways KU made a difference through social impact programs, services or initiatives during your time at KU?

I know that through KU, Astrid participated with the local community and events around the centre.



KU Alumni program

In 2020, KU launched the KU Alumni program to connect and reconnect with KU's past families, children (now adults) and staff. When families exit KU, they are invited to join the Alumni program so that they can stay connected with the KU Family. In the future, retiring staff will also be invited to stay connected and join the KU Alumni family as well.

KU's Alumni program is open to KU past children (adults), families, staff, Life Members and Board and Committee members. All members of the Alumni program receive the newsletter 'KU Alumni Connect' – a twice yearly communication sent to registered alumni. The newsletter contains updates about what is happening throughout KU, including new services that have launched, and also features a spotlight on one KU Alumni member.

More than 65 alumni have already reconnected and shared their stories and memories with us. Some of these stories will be shared on our website, through social media posts or published in KU Alumni Connect. Alumni have contributed significantly to KU 125 year's history and we encourage them to reconnect and stay connected with KU, always. Registered alumni can expect to receive occasional updates and information about special KU initiatives and anniversary events, alumni profiles and stories, special alumni benefits and the KU Marcia Burgess Foundation.

How we rate

The KU Employee Engagement survey is a very important part of ensuring that KU remains an Employer of Choice, living its values and continuously innovating and improving to ensure that KU staff remain at the heart of KU and we achieve our strategic objectives.

It is a confidential survey that provides all permanent and contract KU staff with the opportunity to provide feedback on how they think KU is performing as an employer, a service provider and also as a sector advocate.

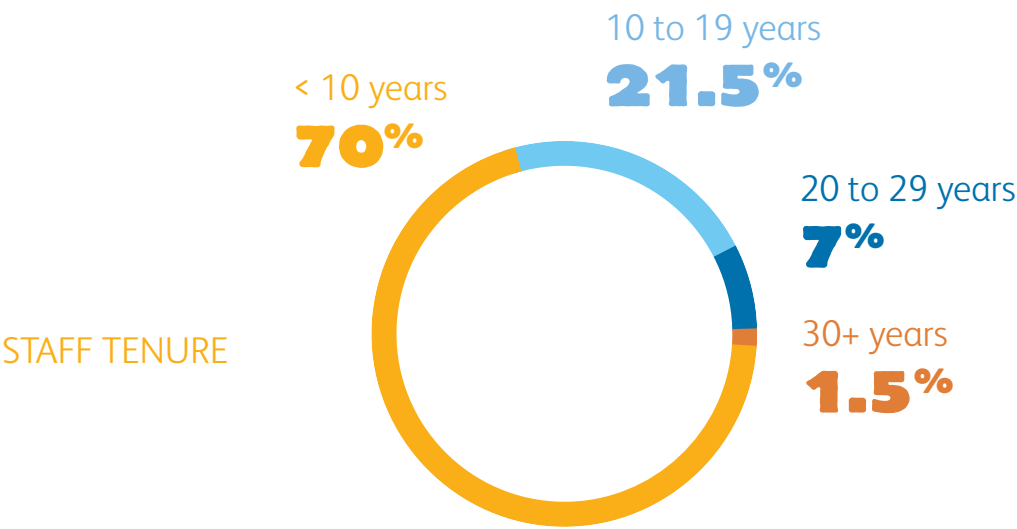
At the start of the COVID-19 pandemic the KU Board, CEO and Executive made a conscious decision to clearly demonstrate KU's appreciation and commitment to staff and families through an unprecedented point in history. Our goal was to come through the pandemic not only with KU's Employer of Choice position intact,

but enhanced. A key measure of achieving this commitment were the results of the 2020 KU Employee Engagement Survey. The 2020 results indicated that KU achieved significant progress on the excellent 2019 results.

As part of this survey, KU staff were asked how much they believe KU lives its values, and 96 % of staff told us that we do. In addition, the +45 Employer NPS (eNPS) was the highest score since it was introduced at KU, and an exceptional result compared with the +9 sector benchmark. The staff engagement

rate was also the highest it's ever been at 91.4 %.

These results show that despite an extraordinary year of living through COVID-19, KU staff still felt very connected to KU, and valued KU's commitment to protecting staff's job security, continuing to focus on quality and listening to the voices of staff as we journey through COVID-19 together. The results also show that all KU staff continued to engage with and live the KU values.



Jen's story

JENNIFER ESBER
*Reporting, Planning & Analysis
Manager in KU Central Office*

How did you deal with having to work from home at short notice for an extended period of time?

At first, I didn't realise how long we would end up WFH so I dealt with it by just making use of the technology and the tools available, focusing on work and appreciating the benefits of WFH.

Once it became known that the time we would WFH would be prolonged, it was made easier by setting up my workspace more permanently and trying to adjust to the new routine.

What were positive/negative aspects of working from home?

The biggest positive is saving three hours a day in travel time! WFH has less interruptions and can be quieter and less distracting. It is more flexible, and I think improves overall productivity.

However, it can be harder to switch off and take a break when WFH – it is too easy to always be connected and feel the need to respond outside of work hours. You can miss the interactions with your co-workers, especially with the ones you don't have to speak too frequently.

Did COVID-19 impact or change your job/role at KU?

I think it changed what I had to prioritise and focus on, and shifted the way I managed my team as it all had to be done remotely and impacted the delivery style of meetings/presentations.

COVID-19 impacted all aspects of KU's financials, so I had to consistently respond and change my analysis to adapt to these changes. The impact of COVID-19 also led me to tailor the budgeting process, improve reporting/analysis and create new processes to meet the frequently changing requirements that the impact of COVID-19 caused.

Tell us a little more about all that modelling!

COVID-19 affected KU financially in so many ways, from impacting on utilisation, radically changing funding and revenue streams, impacting on cash flow, significantly impacting employee costs through JobKeeper and generally changing KU's monthly financial results dramatically.

[Read the full story online](#)



We are
financially
sustainable
and
scalable



COVID-19 funding

Along with the pandemic, 2020 brought with it a range of COVID-19 specific funding and subsidies for businesses.

Within the early childhood sector, this included fee subsidies, and in some cases 'free fees' for families, so perhaps it is no surprise that our finances looked quite different in 2020.

Was KU entitled to JobKeeper and/or special COVID-19 funding in 2020?

Yes. KU was able to access JobKeeper funding to support our workforce throughout the pandemic. This enabled us to retain our valuable permanent workforce, and our team of KU casuals, who continued to work in our centres throughout.

KU, and KU families, were also able to access a range of early childhood specific COVID-19 funding programs and fee subsidies, provided by Commonwealth and State Governments.

KU was able to apply for JobKeeper to reduce the negative financial impact on the business resulting from parents removing their children out of childcare due to job losses, loss of income, change in family dynamics and other factors brought about by COVID-19. Staff were informed about this development and kept abreast of changes to JobKeeper that affected their individual circumstances as well as the sector. KU is particularly proud of our casual staff who continued to work whilst receiving JobKeeper. Many casuals in the early childhood education and care sector did not continue to work during COVID-19, and the fact that KU's casual staff continued to work is a testament

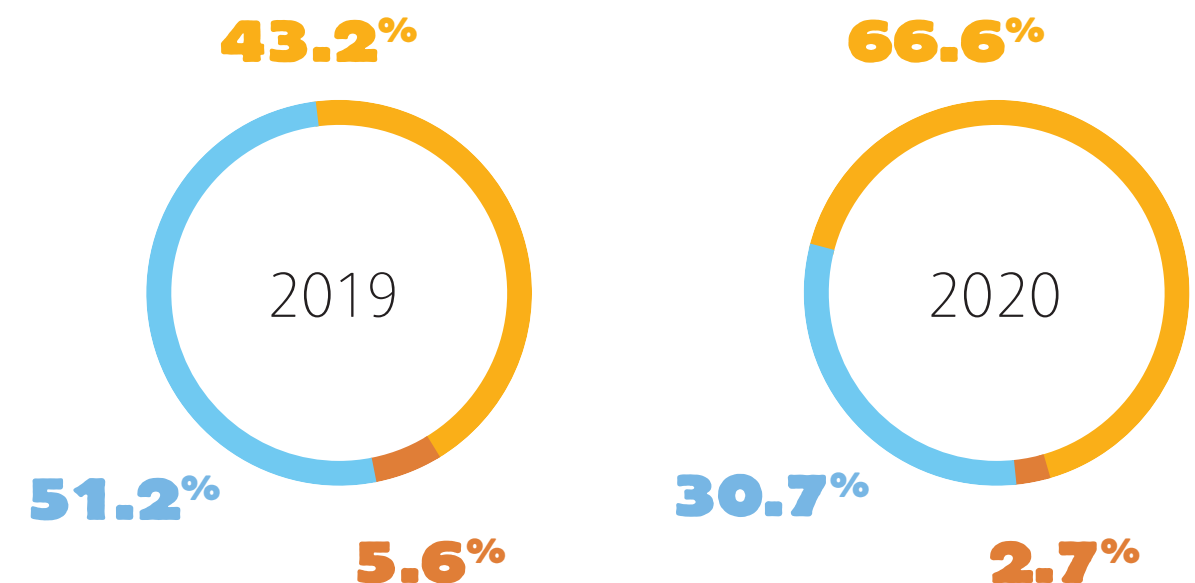
to the long-term relationships KU cultivate with our staff, and also the fact that staff value KU's unwavering commitment to their safety and wellbeing.

How did KU use the JobKeeper and COVID-19 funding?

Despite our centres remaining open and providing education and care throughout the pandemic, many families understandably chose to keep their children home. Unable to charge fees for COVID-19 absences, this significantly impacted our revenue from parent fees.

Receiving JobKeeper and COVID-19 funding for early childhood services meant that KU was able to retain, and fully pay, our workforce.

The funding also enabled to us to reduce or eliminate fees for families as required, so they did not have to give up their preschool or childcare place.



COVID-19 impacted revenue

■ government funding ■ parent fees ■ other revenue

KU has reported an unusually large surplus in 2020. How did JobKeeper (and other COVID-19 funding) contribute to this?

JobKeeper was designed to support employers who did the right thing by their staff – keeping people employed and paying employees correctly. KU took this responsibility seriously and did just that.

KU also operates a number of services in disadvantaged areas, and usually KU subsidises the cost of operating these services, so children are able to access high quality education and care regardless of their family circumstance and means. The nature of the COVID-19 funding saw these services require less subsidy by KU, meaning we didn't need to use some of the funds we had allocated for that purpose in 2020.

Both these things contributed to a higher than usual surplus being generated and reported for the year.

What is KU doing to ensure the 2020 surplus is used to benefit children and families?

Since 1895, KU has been and proudly remains a not for profit organisation. Every year, any surplus we may make is reinvested into our local staff, our high-quality services and ensuring our long-term sustainability. KU does not distribute our profits to shareholders or send them offshore.

We recognise that the higher than usual surplus in 2020 was driven by unique circumstances. We also know that many families have been impacted financially by the pandemic, and the effects of that may take time to overcome. As a result, we have used surplus funds from 2020 towards reducing or eliminating fee increases, across all our services, in 2021.

Nina's story

NINA COOK

Parent at KU Lance

With COVID-19 having an impact on employment as well as attendance rates at early childhood services, the Federal Government announced measures to support families and encourage early childhood services to remain open.

In April, the Federal Government introduced the Early Childhood Education and Care Relief Package. The package delivered free childcare for families at long day care services from 6 April to 12 July.

For Nina Cook, whose two children Benjamin, 4 years old, and Joshua, 2 years old, were both attending KU Lance Children's Centre five days per week, the package was a blessing.

"When I first heard about the government's relief package I thought 'I hope this lasts for the next three years'," she laughed.

"The free fees were a huge help for us. The usual fees we pay are very expensive – they're a huge cost to our family."

Nina works full time as a Project Manager and her husband Matthew owns his own locksmith business.

[Read the full story online.](#)



Growth and expansion

During 2020, a key focus was to continue to invest in KU's strategic priority to increase our reach and impact. As we open more services and offer more programs, KU can ensure more children can find their voice at KU.

As part of this focus, KU Ashmont Preschool and Family Centre was opened in August 2020. After the closure of Ashmont Preschool in June 2018, KU Children's Services became the new lease holders after Wagga Wagga City Council opened the site to expressions of interest. The building underwent a renovation over several months, with

the renovations and upgrades made possible through a capital grant from the NSW Department of Education Early Childhood Directorate and an investment by KU. KU Ashmont Preschool and Family Centre provides a high-quality preschool program for children aged 3-6 years, as well as a range of preschool age-specific Allied Health and NDIS services that will be rolled out based on community needs. Having run four preschools in Wagga for close to 15 years, KU has an established presence in Wagga, and KU Ashmont will provide an important and valuable service to the community.

Our growth strategy in Victoria is on track with KU's Victorian team working hard throughout 2020 to ensure progress has continued on the three new KU owned services currently being built. KU's

Heidelberg and Newport services continue to progress, and our service in Maidstone is on schedule for opening in June 2021. The service will cater for 65 children and have two Allied Health rooms integrated into its design. KU's profile in Victoria is increasing with representation on sector forums and Government committees, and with these new services coming on board, will only continue to increase.

In addition, part of investing in KU's strategic priorities included upgrading KU's Central Office at 129 York Street, Sydney with a complete refurbishment and new fit out. Given the unpredictable situation and uncertainty relating to COVID-19, these works were put on hold in March following the completion of the Ground Floor and Level 1. With KU's commitment

to supporting the halt of the spread of COVID-19, the decision was made in September 2020 to not plan for office-based staff to return to their KU office workplaces in 2020. Instead, the KU Board requested that the refurbishment of the building at 129 York Street be continued on Levels 2, 3, 4 and 5 to ensure that KU's assets were being appropriately managed. As the building was largely empty due to COVID-19, with the majority of staff working from home and only a small number of Central Office staff working in CO part of the time, the time frame for completion of the works was reduced, with a target date for completion in April 2021.

INCLUSION

Innovative Solutions

In 2020, the number of funding applications assessed by the IDFM Team was 11,294 which was 11 % (1,136) higher than 2019.

As the Inclusion Development Fund Manager (IDFM), in partnership with Include Me, KU is responsible for the equitable and consistent assessment of Inclusion Development Fund applications, in line with the Inclusion Support Program (ISP) Guidelines for all Commonwealth funded early learning programs.

In March 2020, the Australian Department of Education, Skills and Employment updated the ISP Guidelines, resulting in significant changes within the IDFM and to the support it provided. The update to the ISP Guidelines expanded the opportunities for early childhood education and care services across Australia to access funded support through the program. This included the expansion of child eligibility to include children with additional needs such as children presenting with challenging behaviours or trauma related behaviours, and increasing the Inclusion

Development Fund limits in relation to Immediate/Time Limited Support, to allow services to access more support to address an immediate barrier to a child's inclusion.

The update also clarified the options available under Innovative Solutions Support to provide flexible funding for innovative and responsive solutions to facilitate inclusion and build educator skills, knowledge and confidence.

These changes required the IDFM to update all internal processes, as well as ensuring communications with early childhood education and care services, Inclusion Professionals, families and other stakeholders across Australia, reflected these changes. The changes to the guidelines, combined with the impacts of COVID-19, resulted in a surge in the number of applications submitted and queries received by the IDFM throughout 2020. There

was an increase in the uptake of Innovative Solutions Support as the IDFM and Inclusion Agencies supported services and educators to design and implement unique projects that targeted the specific barriers to inclusion and outcomes sought to include children with additional needs at the service level.

The changes to the ISP Guidelines enabled the IDFM to respond to the impacts of traumatic events on children, including COVID-19, by providing more services, as well as allowing educators access to resources and supports that they needed at this time to effectively scale up to meet demand.

Bhav's story

We spoke with Bhav Kapoor whose daughter, Aria, attends KU The Chase Preschool in Roseville, Sydney.

Why did you decide to enrol your daughter at KU The Chase?

Aria used to be enrolled at a long day care centre four days a week. As a result of having more flexible working arrangements due to COVID-19 and with KU The Chase being highly recommended by other local parents, we decided to enrol Aria in a preschool program two days a week. We were keen for her to experience a program that was similar to a school environment to assist in the transition to school. She remains enrolled at a long day care centre the other three days per week.

Tell us about Aria's preschool experience?

She loves it and wants to go all the time. At first, she struggled with the transition between long day care and preschool, however the educators at KU were absolutely amazing. They were very good at engaging with her and making her feel comfortable by asking what she was interested in and supporting her play in these areas. After her initial transition, she settled in really quickly, made friends and is now a social butterfly.

What were your fees like prior to the NSW Government's COVID-19 free preschool funding program?

Similar to most families in long day care, we are paying a lot. When we enrolled Aria into preschool, we were not aware that the Government was providing a free preschool program. This was an unexpected and much welcomed benefit for us.

Why is quality early childhood education important?

It's important because it sets the foundation for the love of learning. The social interaction with other children, and a quality, engaging and nurturing environment can help children prepare for the next phase in their education journey.

[< Read the full story online](#)



We make a positive social impact



KU's reconciliation journey



KU has a long and proud history of making a positive social impact and in 2020 we continued to make the KU Difference, with a particular focus on Aboriginal and Torres Strait Islander Programs.



With the development and implementation of KU's Innovate Reconciliation Action Plan (RAP) in 2016, KU embarked on a journey of exploring practical responses and actions of reconciliation. At the end of the RAP's two-year lifespan, KU was proud to have achieved 80 of the RAP's 82 deliverables.

After submitting a final report about our Innovate RAP in 2019, Reconciliation Australia recommended for KU to focus on the development and implementation of an Aboriginal and Torres Strait Islander workforce strategy, set up an Aboriginal and Torres Strait Islander Advisory Group, continue making connections with Aboriginal and Torres Strait Islander peoples and communities, and continue to establish and strengthen partnerships with key stakeholders within services, KU Central Office and the Board. These all became key areas for KU to focus on as part of our reconciliation journey in 2020.

KU established an Aboriginal and Torres Strait Islander Advisory Group in late 2019 consisting of five external Aboriginal and Torres Strait Islander people: Wendy Jopson, Jo Goodwin, Nareen Young, Dr Shayne Williams and Dr Ngiare Brown, with representation from KU through Chris Legg, Gisella Wilson, Deb Mann and Cherylanne Williams.

"The advisory group was established to provide advice and share knowledge with KU to enhance the implementation of KU's Aboriginal and Torres Strait Islander Programs, with the group meeting regularly to discuss, guide and have input into KU's reconciliation journey," said KU Aboriginal and Torres Strait Islander Programs Manager, Gisella Wilson.

Based on the meetings throughout the year, it was decided that KU would develop a 'Statement of Commitment' which would be used as a foundational document for an Aboriginal and Torres Strait Islander Framework, allowing for an organisational approach, aligned with KU's Values and key objectives for reconciliation.

In addition, throughout 2020 KU continued to make connections and form partnerships with Aboriginal and Torres Strait Islander peoples and communities. The opening of KU Ashmont Preschool and Family Centre in Wagga Wagga, NSW is an example of the importance of establishing genuine partnerships with local peoples and communities and allowing time for trusting connections and relationships to form.

Continues on page 52...

... continued: KU's reconciliation journey

The service opened in August 2020 and provides a high quality preschool program for children aged 3-6 years and offers a range of preschool age-specific Allied Health and NDIS services to children with additional educational needs.

With Ashmont's high Aboriginal population, in a low socio-economic area and rated as one of the communities facing the highest level of disadvantage in NSW, it was fundamental for KU to connect and listen to the needs and preferences of families, community members, and local services from the very beginning.

Participation in community meetings and sharing of information with the local community, including through the Mawang Gaway Elders and Community Group, enabled us to actively respond, by offering important and necessary Allied Health and NDIS services at KU Ashmont to both children enrolled at the service and those in the local community.

To further support the community, in 2020 KU made the decision to employ a Community Cultural Coordinator at KU Ashmont to work closely with local Aboriginal families and community organisations to respond to their needs and encourage the participation of children and families in high quality mainstream preschool education and specialist paediatric early intervention services, including those offered at KU Ashmont.

"The employment of a Community Cultural Coordinator in Ashmont was the first phase of a broader community engagement and investment program by KU that involves engaging with Aboriginal communities at a local level, building relationships, increasing participation rates in quality early childhood education services and ultimately responding to the unique needs identified by the community in the longer term, via tailored program delivery or funding," said Ms Wilson.

As part of the second phase of this program, if further services and supports are needed in the future, these could either be offered by KU, offered in partnership with KU, or delivered by a third party such as a local Aboriginal service. This two-phased model has the potential to be scaled across many communities by KU at a predictable cost over time.

Through the establishment of the Aboriginal and Torres Strait Islander Advisory Group and increasing partnerships and connections with Aboriginal and Torres Strait Islander peoples and communities, such as those in Ashmont, KU is continuing to build and extend our framework to progress our journey of reconciliation.



Being Child Safe aware

KU has long been at the forefront of child safety, protection and wellbeing within the early childhood education sector, and is a strong advocate for children's rights.

We are pleased that in recent years, there has been an increasing community-wide awareness, discussion and accountability around issues related to child wellbeing and safety. Largely this has been driven by the findings of the Royal Commission into Institutional Responses to Child Sexual Abuse, released in December 2017. In response, the Australian Department of Social Services established the National Redress Scheme, and the Australian Human Rights Commission released National Principles for Child Safe Organisations in 2019. We welcomed these outcomes.

In response to the Principles, KU recognised that as community standards lift to meet our own long-term commitment, we must continue to raise the bar for ourselves and others. In that same year, KU launched our own Child Safe initiatives, including publishing the *Child Safe in Practice* resource, with the aim of ensuring our own policies, practices and processes are as contemporary and robust as possible.

In 2020, as COVID-19 restricted the volume of face-to-face work we could undertake in our service, we continued working 'behind the scenes'. The year saw a comprehensive review of all KU policies and procedures through a Child Safe lens.

As we worked to empower children and educate our communities regarding child safety, KU's dedicated Child Safe Project Team took a strengths-based approach. Leveraging the rich array of resources already available, they led a process of evolving KU's language and mindset around the way we speak about children's rights to children, parents and others. The shift from a Child Protection approach to a Child Wellbeing and Safety Approach informed a number of 'social stories' resources produced in 2020 to support discussions around the rights of children, and encouraging children to find, and use, their voice.

Foundational work also began on the development of KU's own Child Safe-specific Code of Conduct. This significant project will continue into 2021 and continue to improve and strengthen our work.

Early intervention online

A key part of KU's inclusion approach is our commitment to providing, and enabling children to access, early intervention and allied health services, within their early education environment.

As COVID-19 began to spread in early 2020, it quickly became clear in March with the lockdown of schools and early childhood centres, that visits to clients' homes could not take place and the Starting Points Allied Health Team would need to pivot to providing therapy sessions through Telehealth.

Therapists enrolled in Telehealth online courses delivered through Reimagine and their professional organisations to develop skills in managing online Zoom sessions, gathering all the resources they would need and contacting families to explain how Telehealth would work, in particular how to access sessions as well as what the parents' role would be during these sessions.

A Telehealth consent form was developed and implemented, outlining both KU's responsibilities and the families' responsibilities, and sessions commenced.

Around half of the families accessing therapy before COVID-19 took up Telehealth sessions. Reasons for those who decided not to participate were the age of child, no access to computers, the nature of the child's disability, family dynamics (as many families

had a number of children and adults at home needing access to a computer) and English as a second language.

The Allied Health Team met on a weekly basis with their manager to support each other, exchange ideas and discuss the progress of Telehealth.

The rollout of Telehealth resulted in an unexpected outcome: parents became more actively involved in the sessions in ways they previously had not. Some children found it challenging to attend to a computer screen and the therapist would at these times coach the parent to take on the role of therapist. Parents would offer up ideas of toys they had at home that could be used in sessions and therapists noted more follow through on ideas and strategies by parents following these sessions, which enabled them to better support their child.

Telehealth proved to be very successful, and therapists are reporting, even after face to face therapy has restarted, that parents continue to maintain their interest and participation in Telehealth sessions.



1189

Total number of Telehealth hours in 2020

12

Therapists across KU delivered early intervention and allied health services in 2020

252

Total number of children who saw an Early Intervention Professional

304

Total number of Early Intervention Professionals (non KU)

3

Early Intervention Professionals (KU)

Oriana's story

ORIANA BLANCO

Coordinator at KU Inner West
Supported Playgroups

*Tell us about the KU Inner West
Supported Playgroups.*

There are 10 playgroups that consist of two-hour sessions in different venues including community centres, schools and church halls. The playgroups are for children aged birth to five and children are accompanied by a parent or grandparent. The playgroups consist of one hour and 15 minutes of play time in a play-based program, followed by cleaning up and packing away, then morning tea. Following morning tea is group time, which involves twenty minutes of music and story time, including singing, dancing and playing musical instruments. Everyone is involved together as a group, and this is enjoyed by children, educators and parents as they all sing, dance and tell stories collectively.

*How did the playgroups change
during COVID-19?*

The playgroups were closed due to the introduction of COVID-19 restrictions in March 2020. The first thing staff did when our playgroups closed, was to call all our families to see how they were coping and ask what support they needed at home.

Our message to parents focussed especially on maintaining the mental health and wellbeing of the whole family. We kept in constant connection with our families, and if any families were experiencing issues or hardship, we passed this information on to the playgroup's Family Support Worker so she could provide further support where required or link families with services such as Lifeline. Some of the parents were suffering from anxiety and fear, feelings of isolation and worrying about family members living overseas, others had children with challenging behaviours. The Family Support Worker contacted these families and assisted them with putting strategies in place to help manage, and where possible, alleviate these issues. The Family Support Worker followed up with these families on an ongoing basis, ensuring they were receiving consistent help and support as and when they needed it, so they could adopt coping mechanisms to be able to regulate their emotions, and also support their children.



Both face to face and online playgroups are designed to encourage connection between parents and children.

*How did you support families
during COVID-19?*

The team developed an online program composed of music and stories. Songs well known to children were included in the program, and a few new ones as well. Stories were told using puppets and other visual aids. We supported children to practice good hygiene by pretending to wash hands in a fun way during the session. We also used this opportunity to get children moving with music and connecting with their parents. Sessions were run on Zoom for 30 minutes, and sometimes up to 45 minutes.

The team also created a series of booklets that were designed to help the families connect, relax and have fun. The first booklet 'Having fun together' had information about items that could be found in the home, and ways to use these items to engage in play, such as building a cubby using cushions, playing in the garden, singing songs together and dancing, and creative activities such as making a 'restaurant' at home and sharing a meal together. Seven specific booklets were developed during May and June. Information and activities were focussed on providing parents with understanding and practical ideas on how to support children to play and learn at home, relieve stress, keep them physically moving and support the child's emotional safety and wellbeing.

The activities were carefully selected to encourage connection between parent and child, provide support to regulate their child's nervous system (co-regulation = self-regulation), focusing on relationships, child-led play, parent-led play and to support children through fun activities. All of these approaches match the principles and core ideas that inform our practices in the facilitation of our supported playgroups.

We encouraged families to share photos of their activities inspired by the booklets with one another, and this created a sense of connection and joy.

As a team, we held meetings every week on Zoom where we would share personal stories, and support one another as colleagues and friends working together during a time of great uncertainty, and this enabled us to better support our families.

*What difference did this make to
families?*

The online program helped families feel connected because even though they couldn't physically come to a playgroup, they could still engage with the teachers and each other online. The booklets helped to decrease their anxiety and fears, as the ideas helped them become more relaxed by providing an opportunity to do something creative as a family. The booklets were very well received, and we had many messages of thanks from our families.

KU Marcia Burgess Foundation



KU has been a leader in quality early childhood education and has had a profound impact on the lives of disadvantaged children and families since 1895.

The KU Marcia Burgess Foundation supports this work with a passion and a strong and clear vision. The Foundation supports KU's socially impactful programs, services and initiatives designed to make a tremendous difference for children and families with additional and complex needs to access and participate in early childhood education and care.

Fundraising during COVID-19: Shifting fundraising sources

Mindful of the likely financial impact of COVID-19 and the impact of the global pandemic on individuals and businesses, in March 2020, the KU Board and the KU Marcia Burgess Foundation Committee decided to roll back the planned fundraising strategy and plans for 2020. KU quickly adapted fundraising plans and focused on communications about the Foundation and socially impactful programs and initiatives delivered by KU through social media campaigns on Facebook and LinkedIn.

While the approach to fundraising activities and programs was adapted, the KU Marcia Burgess Foundation's priority area of focus remained the same: To provide greater access for Aboriginal and Torres Strait Islander children, families and young people, to early childhood education.

Continues on page 60...



KU Staff Giving: Making a difference

KU staff continue to make the KU Difference where it matters most through the KU Staff Giving program. The KU Staff Giving program provides a way for staff to make tax effective donations to the KU Marcia Burgess Foundation through regular payroll deductions. A change in funding rules in 2020 prohibited government funding received by KU's Aboriginal and Torres Strait Islander Programs from being directed, in part, towards the provision of fee subsidies for Aboriginal and Torres Strait Islander children. This left a significant and urgent gap.

In 2020, \$25,543 in fee subsidies supported 30 Aboriginal children's access to KU services. This was an increase on 2019 when \$16,824 in subsidies supported 20 children.

To ensure every Aboriginal child and family continues to have access to quality early childhood education, the KU Board and KU Marcia Burgess Foundation agreed to direct the combined donations from the KU Staff Giving program and donations from families to meet the gap in fee subsidies.

For the first time in 2020, enrolled KU families were given the opportunity to donate fees, during the COVID-19 'free fee' period, and a portion of holding deposits usually refunded at the end of the year were donated to the KU Marcia Burgess Foundation. More than \$24,000 was donated. In a year of uncertainty and financial constraints for many Australians, including KU families, this was a tremendous response.

...continued: KU Marcia Burgess Foundation

Aligned to both the 125 years anniversary theme and KU's ongoing commitment to reconciliation, this will remain a focus area for a period of up to three years to be able to:

- build meaningful relationships in communities;
- connect and listen to the priorities of communities in considering partnership opportunities;
- implement and evolve initiatives; and
- identify outcomes and the impact.

KU successfully received a grant of \$9,000 from the Clark Family Foundation in 2020. The funding contributed towards the employment of a Cultural Facilitator to be based at KU Ashmont in Wagga Wagga. The Cultural Facilitator's role forms part of innovative and localised service delivery. Self-determination and co-design principles are central to this integrated model. This ensures local community needs and values are reflected and genuinely represented within the service, and in determining 'Phase Two' initiatives.

This program also sees a phased approach to engaging with Aboriginal communities at a local level, increasing participation rates in quality early childhood education services, building relationships, and ultimately responding to the unique needs identified by that community in the longer term, via bespoke program delivery or funding.

Thank you to all the generous donors who supported the KU Marcia Burgess Foundation throughout 2020.



Funded social impact programs

The KU Marcia Burgess Foundation provided seed funding for initiatives identified to have a positive social impact for children and families. Programs developed in 2020 include:

Food for Life

Based on the learnings from the pilot of the KU Healthy Start Program in 2018/19, Food for Life was conceived. It focused on healthy eating and nutrition, as developing good relationships with food is vital for growing children and healthy families.

Food for Life incorporates a resource kit to support wider implementation across KU and the development of a 10-module digital training program to develop centre-based staff capacity to lead, implement and then share/mentor the program themselves.

Deadly Ears/Provision of SAS

In 2020, the KU Marcia Burgess Foundation funded the purchase of 50 Sound Amplification Systems (SAS) that amplify the teacher's voice and make it easier for children to hear their teacher and friends more clearly, thereby improving their attentiveness and reducing distractions. SAS associated with the Deadly Ears program based in Queensland will make a difference, particularly for Aboriginal and Torres Strait Islander children diagnosed with otitis media (inflammatory disease of the middle ear).



To lend support to the KU Marcia Burgess Foundation visit us online.

Board of Directors and Executive Team



Board of Directors



Laura Hartley
BA (Hons), LLB



Sema Musson
B.Bus, M.Mngt, GAICD



Helen Argiris
BCom (Hons), Fellow of CAANZ, UNSW Business
School Alumni Leader, MAICD



Joshua Gilbert
BComm (Accounting),
RG146 Graduate Diploma



Prof Linda Harrison
BSc (Hons), MSc, DipT (EC), MEd,
PhD (Developmental Psychology)



Elizabeth Hristoforidis
BCom (Marketing), LLB, MLM, GAICD



Richard Richards
BCom/LLB (Hons), LL.M, MAPPFIN, FTIA, CA,
Admitted Solicitor NSW



Peter Roberts
B.Fin.Admin, Fellow of Institute of
Chartered Accountants (FCA), GAICD,
Graduate Diploma - Securities Institute



Tamara Robinson
BCom (Hons)



Dr Jennifer Skattebol
Dip Ed (EC), B.Ed. PhD



Janet Verden
BCom (Marketing), GAICD

Executive Team



Christine Legg
Chief Executive Officer



Hayden Hills
Chief Financial Officer



Karen Dawson
General Manager,
Organisational Development



Natalie Grenfell
General Manager,
Inclusion Programs

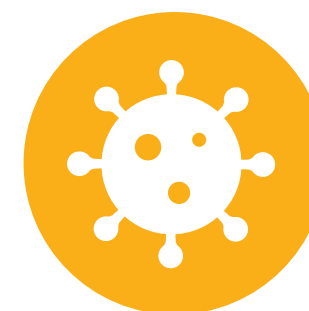


Jane Robinson
General Manager,
People Services & IT



Cherylanne Williams
General Manager,
Early Childhood Education

Snapshot 2020



Staff
911

Children
508

Cases
0

COVID-19 tests

92%

of our services
operated
continuously
throughout
COVID-19

42

FAQ/fact sheets
issued for staff
and families

127

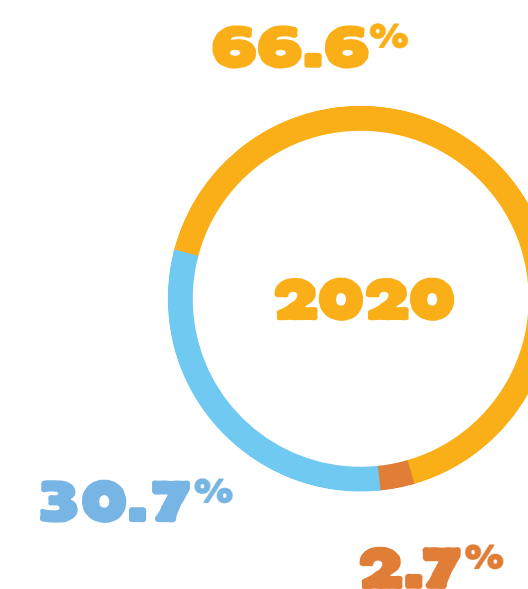
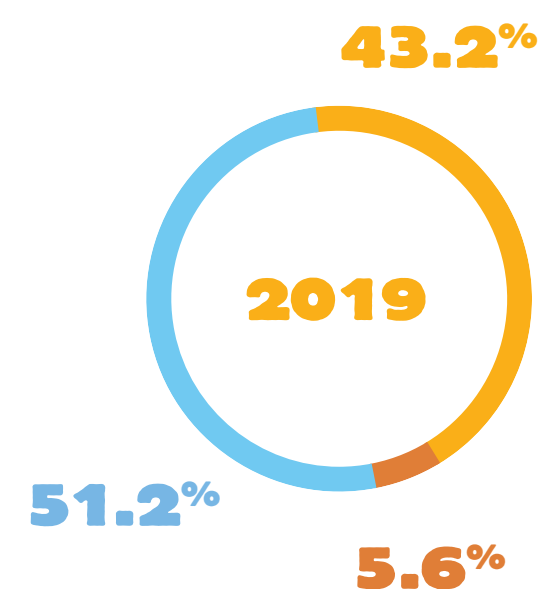
Professional
Learning sessions
delivered online

336

office-based staff
enabled to work
from home

15,361

pieces of
COVID-19
equipment issued



■ government funding ■ parent fees ■ other revenue



10,975 children
10,005 families
experienced the KU Difference.

Our Family



128 services
provided early education and care
services directly to children and families.



2,210 staff
helped us make the KU Difference
for Australian children.



5030 members
formed the foundational basis of KU's
constitutional and governance status.

513

children from
refugee and new
migrant families
were welcomed to
Australia through
childcare in KU's
Adult Migrant
English Program
(AMEP) services.

7,411

early childhood
education services
were supported by KU
Inclusion Agency staff.

11,294

funding applications
were assessed by
KU's Inclusion
Development Fund
Manager team.

Our Impact

733

families increased
their child's
engagement with the
community through
KU Family Programs.

316,157

total dollars invested in
socially impactful programs.

680

children with
additional needs
were included in
KU services assisted
by KU's Education
Support Team.

11,127

hours of early
intervention and
allied health
services delivered.

9

early childhood
education University
and TAFE students
supported through
KU's student awards
and professional
learning sponsorships.

45

research
projects that KU
participated in

207

Aboriginal and
Torres Strait Islander
children accessed
early childhood
education through
KU services.

114

KU centres continued
their reconciliation
journey through
the ongoing
development of RAPs.

4,969

educators and
support staff
furthered their
professional
development
through KU's
Professional
Learning Programs.

185

professional learning
sessions were
delivered for educators
and staff nationally.



+45

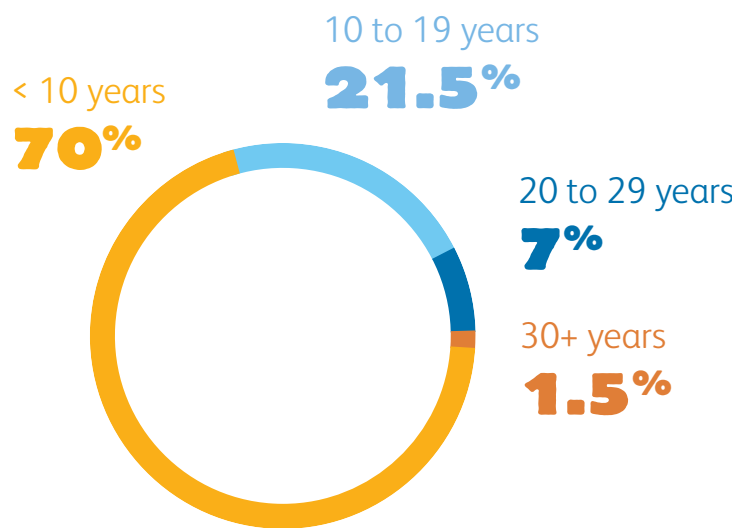
EMPLOYEE NET PROMOTER SCORE



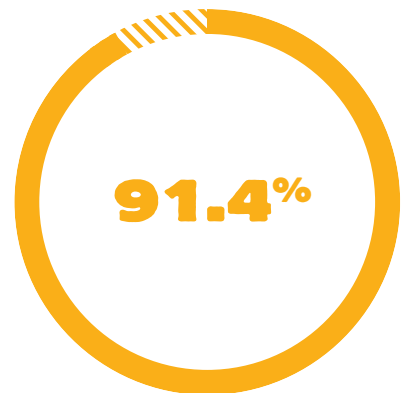
+76.4

NET PROMOTER SCORE (PARENTS)

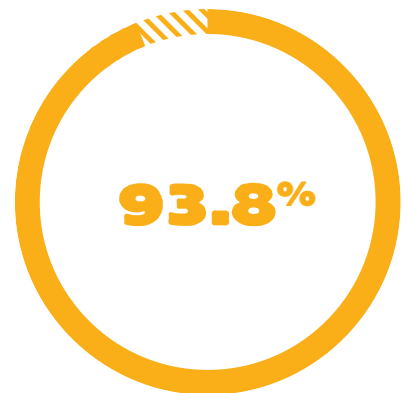
Our Results



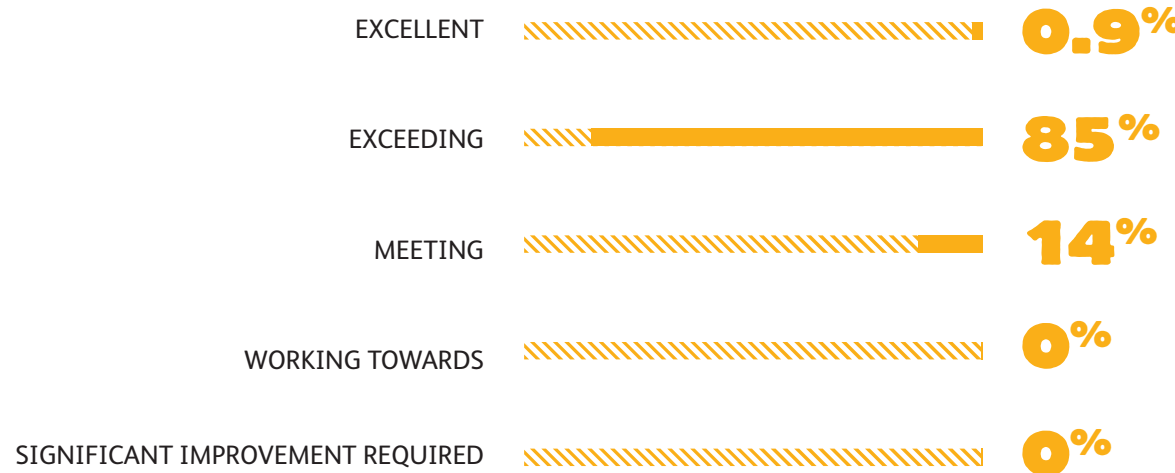
STAFF TENURE



EMPLOYEE ENGAGEMENT RATE



STAFF RETENTION RATES



KU QUALITY (NQS RATINGS)

KU 2020

KU CHILDREN'S SERVICES

PROUDLY A NOT FOR PROFIT ORGANISATION

FINANCIAL REPORT



Children's Services
Since 1895

DIRECTORS' REPORT

The Directors present their report on KU Children's Services (the company) for the financial year ended 31 December 2020. The Directors report as follows:

Operating Result and Cash Flow

KU's finances are overseen by KU's Board of Directors and KU's Audit & Risk Management Committee who review the financial reports regularly and provide strategic direction to KU management.

KU is a financially viable organisation with a strong balance sheet and adequate reserves. KU's long history of responsible financial management confirms KU is financially sound and progressive. KU has no subsidiary or related organisations.

During the COVID19 Pandemic outbreak in 2020 KU weathered the crisis well both organisationally and financially.

At 31 December 2020, KU had a net surplus of \$7,648,697 (2019: \$931,615), total assets of \$107,160,262 (2019: \$92,946,770) and net assets of \$45,273,460 (2019: \$37,624,763).

Short and Long Term Objectives of the Company

KU Children's Services has been operating continually since 1895 and has a strong commitment to the provision of high quality early education and care, inclusion and social responsibility.

In the latter part of 2016, KU launched the Strategic Plan 2017-2019; 'Creating, Thinking and Doing for today and tomorrow'. This Strategic Plan outlined five goals that together ensure KU is a consistently strong, agile and innovative leader in the early childhood sector.

Following the successful implementation and achievement of the goals in that plan, the KU 2020-2022 Strategic Plan was completed later in 2019.

Implementation of that plan commenced in 2020. This report is based on that Plan and highlights for the year ended 31 December 2020 are detailed in the 125th Annual Report.

Our Vision

Every young child experiences excellence in early education and care, inspiring learning for life.

Our Purpose

At KU we nurture and grow children's learning. We partner with families and communities, and value children as citizens who create, think and do.

Our Priorities

1. We deliver, lead and inspire educational excellence
2. We have a thriving professional workforce
3. We are financially sustainable and scalable
4. We make a positive social impact

Principal Activities of the Company

The principal activities of KU during the current year have been the provision of early childhood education and care services. There were no changes to the principal activities during the year.

Performance Measurement

The Annual Report of the Company details the achievements and performance over the past year measured against the strategic goals. KU continued to achieve and perform strongly when measured against these strategic goals. KU's key performance indicators are utilisation, staff turnover and financial performance of individual services.

Company Limited by Guarantee

The Company is incorporated as a company limited by guarantee. In accordance with the Constitution, every member of the Company undertakes to contribute \$2 to the assets of the Company in the event of it being wound up, while he/she is a member or within one year after he/she ceases to be a member. The Company has 4,998 members (2019: 5,172 members).

Directors

The names of the Directors of the Company who have held office during or since the end of the financial year are:

Directors Name & Qualifications	Special Responsibilities
Laura Hartley BA (Hons), LLB	Chair of the Board Board Member Member of Audit & Risk Management Committee (until 18 June 2020) Member of People & Remuneration Committee Chair of Education Committee (from 8 July 2020)
Sema Musson B.Bus, M.Mngt, GAICD	Deputy Chair of the Board Board Member Chair of People & Remuneration Committee
Helen Argiris BCom (Hons), Fellow of CAANZ, UNSW Business School Alumni Leader, MAICD	Board Member (from 26 May 2020) Member of Audit & Risk Management Committee (from 26 May 2020)
Joshua Gilbert BComm (Accounting), RG146 Graduate Diploma	Board Member (from 26 May 2020) Member of KU Marcia Burgess Foundation Committee (from 26 May 2020)
Prof Linda Harrison BSc (Hons), MSc, DipT (EC), MEd, PhD (Developmental Psychology)	Board Member Member of Education Committee Member of KU Marcia Burgess Foundation Committee (until 7 September 2020)
Elizabeth Hristoforidis BCom (Marketing), LLB, MLM, GAICD	Board Member Chair of KU Marcia Burgess Foundation Committee Member of People & Remuneration Committee Member of Audit & Risk Management Committee (until 26 May 2020)
Richard Richards BCom/LLB (Hons), LLM, MAPPFIN, FTIA, CA, Admitted Solicitor NSW	Board Member (on leave of absence as approved by the Board during the financial year and retired on 26 May 2020)
Peter Roberts B.Fin.Admin, Fellow of Institute of Chartered Accountants (FCA), GAICD, Graduate Diploma - Securities Institute	Board Member Chair of Audit & Risk Management Committee
Tamara Robinson BCom (Hons)	Board Member Member of KU Marcia Burgess Foundation Committee
Dr Jennifer Skattebol Dip Ed (EC). B.Ed. PhD	Board Member (resigned 26 May 2020) Chair of Education Committee (resigned 26 May 2020)
Janet Verden BCom (Marketing), GAICD	Board Member Member of Education Committee (until 26 May 2020) Member of KU Marcia Burgess Foundation Committee (until 26 May 2020) Member of Audit & Risk Management Committee (from 26 May 2020)

Directors' Attendance at Board Meetings (1 January to 31 December 2020)

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

	Board of Directors		Audit & Risk Management Committee		Education Committee		People & Remuneration Committee		KU Marcia Burgess Foundation Committee	
Directors	A	B	A	B	A	B	A	B	A	B
Laura Hartley	11	11	4	4	2	2	4	4		
Sema Musson	11	11					4	4		
Prof Linda Harrison	11	10			3	3			2	1
Helen Argiris	7	5	3	3						
Joshua Gilbert	7	7							2	1
Elizabeth Hristoforidis	11	11	3	2			4	4	3	3
Peter Roberts	11	10	6	6						
Tamara Robinson	11	11							3	3
Dr Jennifer Skattebol **	5	5			3*	3*				
Janet Verden	11	10	2	2	1	1			1	1
Dr Christine Woodrow*					3	2				
David McCracken*									2	2

- A Number of meetings held during the year while the Director was a member of the Board or Committee.
- B Number of meetings attended by the Director during the year while the Director was a member of the Board or Committee.

Please note:
* External member
** Director retired from the Board and Committees or Committee at AGM

The auditors' independence declaration is included on page 4 of the financial report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Laura Hartley
Chair, Board of Directors
Sydney, 30 March 2021



Peter Roberts
Chair, Audit & Risk Management Committee
Sydney, 30 March 2021

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
KU Children's Services
129 York Street
Sydney NSW 2000
Australia

30 March 2021

Dear Board Members

Auditor's Independence Declaration to KU Children's Services

In accordance with Subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of KU Children's Services.

As lead audit partner for the audit of the financial statements of KU Children's Services for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Timperley

Gaile Timperley
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Deloitte.

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Independent Auditor's Report to the Members of KU Children's Services

Opinion

We have audited the financial report of KU Children's Services (the "Entity") which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by the Board of Directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- giving a true and fair view of the Entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of 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 Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 Board of Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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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Responsibilities of the Board of Directors 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 – Reduced Disclosure Requirements and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Entity 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 has 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.
- 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.

Deloitte.

We communicate with the Board of 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Timperley

Gaile Timperley
Partner
Chartered Accountants
Sydney, 30 March 2021

Directors' Declaration

The Directors declare that:

- (i) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (ii) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (Cth) and Charitable Fundraising Act 1991, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Directors made pursuant to S.60.15 of the Australian Charities and Not-for-profits Commission Regulations 2013.

On behalf of the Directors



Laura Hartley
Chair, Board of Directors
Sydney, 30 March 2021



Peter Roberts
Chair, Audit & Risk Management Committee
Sydney, 30 March 2021

Declaration by Board of Directors in Respect of Fundraising Appeals

In the opinion of the Board of Directors:

- (i) the financial statements give a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- (ii) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- (iii) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (iv) the internal controls exercised by the Company are appropriate and effective in accounting for all income received.

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



Laura Hartley
Chair, Board of Directors
Sydney, 30 March 2021



Peter Roberts
Chair, Audit & Risk Management Committee
Sydney, 30 March 2021

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue from fees	5 (i)	47,586,284	73,110,255
Revenue from non-capital government funding	5 (ii)	103,116,169	61,726,995
Other revenue	5 (iii)	4,128,596	7,951,503
		<u>154,831,049</u>	<u>142,788,753</u>
Employee costs		117,670,740	109,064,327
Operational expenses		10,797,383	13,466,670
Occupancy expenses		4,895,194	5,860,354
Depreciation		2,317,078	1,861,460
Amortisation		3,015,715	2,399,364
Depreciation & amortisation	5 (v)	5,332,793	4,260,824
Administrative expenses		5,287,878	5,311,033
Repairs & maintenance		1,451,598	1,772,001
Marketing expenses		500,721	633,485
Finance costs	5 (v)	485,000	480,477
Other expenses		930,638	1,443,643
		<u>147,351,945</u>	<u>142,292,814</u>
Surplus from ordinary operations		<u>7,479,104</u>	<u>495,939</u>
Other Income			
Government capital grant funding	5 (iv)	169,593	435,676
Surplus for the year		<u>7,648,697</u>	<u>931,615</u>
Total comprehensive income for the year		<u>7,648,697</u>	<u>931,615</u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes.

Statement of Financial Position as at 31 December 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	21 (b)	58,150,159	51,218,845
Term deposits	22	5,500,000	-
Trade and other receivables	6	454,215	729,866
Other assets	7	1,883,161	1,932,051
Total current assets		65,987,535	53,880,762
Non-current assets			
Right-of-use assets	16	6,708,409	8,545,100
Property, plant and equipment	8	32,711,330	29,155,278
Intangible assets	9	1,752,988	1,365,630
Total non-current assets		41,172,727	39,066,008
Total assets		107,160,262	92,946,770
Liabilities			
Current liabilities			
Trade and other payables	10	16,617,950	16,627,684
Lease liabilities	11 (a)	2,800,950	2,704,628
Unearned income	12	14,731,000	8,908,875
Provisions	13	18,518,189	16,701,688
Total current liabilities		52,668,089	44,942,875
Non-current liabilities			
Non current provisions	13	3,876,252	3,490,164
Lease liabilities	11 (b)	5,342,461	6,888,968
Total non-current liabilities		9,218,713	10,379,132
Total liabilities		61,886,802	55,322,007
Net Assets		45,273,460	37,624,763
Equity			
Retained Earnings			
General funds	14	44,195,529	36,527,597
Fundraising reserve	15	1,077,931	1,097,166
Total Retained Earnings		45,273,460	37,624,763

The Statement of Financial Position is to be read in conjunction with the notes.

Statement of Changes in Equity for the Year Ended 31 December 2020

	General Funds \$	Fundraising Reserve \$	Total \$
Balance at 1 January 2019	35,697,199	1,128,281	36,825,480
Effect of change on accounting policy for leases	(132,332)	-	(132,332)
Balance at 1 January - As restated	35,564,867	1,128,281	36,693,148
Surplus for the year	931,615	-	931,615
Transfer from/(to) general funds	31,115	(31,115)	-
Balance at 31 December 2019	36,527,597	1,097,166	37,624,763
Balance at 1 January 2020	36,527,597	1,097,166	37,624,763
Surplus for the year	7,648,697	-	7,648,697
Transfer from/(to) general funds	19,235	(19,235)	-
Balance at 31 December 2020	44,195,529	1,077,931	45,273,460

Statement of Cash Flows for the Year Ended 31 December 2020

	2020 \$	2019 \$
Cash flows from operating activities		
Receipts from customers, government bodies and centres	134,072,642	122,325,318
Receipts from Brokered Programs	30,573,742	24,672,382
Payments to suppliers and employees	(118,082,505)	(111,286,408)
Allocations to recipients of brokered programs	(25,709,234)	(26,331,940)
Net cash generated by operating activities	20,854,645	9,379,352
Cash flows from investing activities		
Payment for property, plant and equipment	(5,917,217)	(11,490,059)
Receipts from government capital grants	186,554	472,549
Interest received	255,284	736,788
Finance costs	(35,906)	-
Investments in term deposits	(5,500,000)	-
Proceeds from disposal of fixed assets	53,073	-
Net cash (utilised in)/generated by investing activities	(10,958,212)	(10,280,722)
Cash flows from financing activities		
Payment of lease liabilities	(2,965,119)	(2,575,666)
Net cash (utilised)/generated by financing activities	(2,965,119)	(2,575,666)
Net increase in cash and cash equivalents	6,931,314	(3,477,036)
Cash and cash equivalents at the beginning of the financial year	51,218,845	54,665,881
Cash and cash equivalents at the end of the financial period	58,150,159	51,188,845

The Statement of Cash Flows is to be read in conjunction with the notes.

Notes to the Financial Statements for the Year Ended 31 December 2020

1. Corporate Information

The financial statements of KU Children's Services (the Company) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 31 March 2021.

The Company is incorporated as a company limited by guarantee. The financial statements are presented in Australian dollars, which is KU Children's Services' functional and presentation currency.

2. Application of new and revised Australian Accounting Standards

2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*

In the current year, the Directors have elected to apply AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions* before its mandatory application date. AASB 2020-4 amends AASB 16 *Leases* and is effective for annual periods that begin on or after 1 June 2020.

The amendments introduce a practical expedient into AASB 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

The Company has applied the practical expedient retrospectively to all rent concessions that meet the conditions in AASB 16.46B, and has not restated prior period figures.

The Company has benefited from a \$616,317 month waiver of lease payments on its leases. The waiver of lease payments has been accounted for as a negative variable lease payment in profit or loss. The Company has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of paragraph 3.3.1 of AASB 9 *Financial Instruments*.

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i> and AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i>	1-Jan-22
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	1-Jan-22
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities</i>	1-Jul-21

2.3 COVID-19 Government support packages

In response to the Coronavirus (COVID-19) pandemic, Commonwealth and State Governments introduced a number of subsidies to assist economic activity and employment. The most significant of these was the Commonwealth Government's JobKeeper program which was available to employers based on employee eligibility criteria. The entity was eligible for this program because measured turnover fell in excess of 30 %, and in consequence, the entity was able to maintain its full spectrum of activities, employment and Centre enrolments during the pandemic. The Commonwealth Government ECE Relief Package, the Victorian Government Transition Funding, and COVID-19 Funding in NSW Preschools have been the main reasons for the shift from Revenue from Fees to Revenue from non-capital Government Funding in the Statement of Profit and Loss for the year.

A statement of compliance with IFRS cannot be made due to the application of not-for-profit sector specific requirements contained in the Australian Accounting Standards.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Property, plant and equipment

Land and buildings, leasehold improvements, furniture and office equipment, motor vehicles and computers are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on furniture and office equipment, motor vehicles and computers, including freehold and leasehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The useful life of an asset is determined by Management in line with guidelines as specified in AASB 16 *Property, Plant and Equipment*. The below estimates of useful life per class of asset are provided as a guide only. The actual estimation and application of the useful life and salvage value of the asset is a reasonable judgement made by Management based on the experience of the entity with similar assets.

The following estimated useful lives are used as a guide in the calculation of depreciation:

- Buildings owned: 33-50 years
- Buildings fixtures and fittings: 5-14 years
- Leasehold improvements: lease term or 10 years
- Furniture and fittings: 5-10 years
- Computers and hardware: 3-5 years
- Motor vehicles: 8-10 years

The Company reviews its estimate of the useful lives of leasehold improvements at each reporting date, based on the period over which an asset is expected to be available for use by the Company. Land is carried at cost and is not depreciated.

b) Intangible assets

Intangible Assets comprise software assets. The estimated useful lives used to calculate amortisation are between 3-8 years.

c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and rostered days off when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

The Company pays contributions to certain defined contribution plans. Contributions are recognised in profit or loss in the periods during which services are rendered by employees.

d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. 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 operating cash flows.

e) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. Summary of Accounting Policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, and Australian Accounting Standards – Reduced Disclosure Requirements and complies with other requirements of the law.

3. Summary of Accounting Policies (continued)

Financial assets - Initial recognition and measurement

At initial recognition, financial assets are classified and measured at fair value. Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The classification of the financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics.

Financial assets subsequently measured at amortised cost

Debt instruments are measured subsequently at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms give rise to on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets designated at fair value through other comprehensive income (FVTOCI)

Debt instruments are subsequently measured at fair value through profit or loss if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- 1) The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- 2) The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Trade and other receivables

Trade and other 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. Trade receivables are generally due for settlement within 30 days.

De-recognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Impairment of trade and other receivables

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

f) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

g) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position.

The Company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

For the concessionary leases, the Company applies the temporary option under AASB 2018-8 to measure the right-of-use-assets at cost on initial recognition.

h) Revenue recognition

The Company recognises income from its main revenue/income streams, as listed below:

- Government grants
- Donations
- Capital grants
- Parent fees

3. Summary of Accounting Policies (continued)

Government grants and donations

When the Company receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Company to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Company:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - contributions by owners (AASB 1004)
 - a lease liability (AASB 16)
 - a financial instrument (AASB 9)
 - a provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

Capital grants

For capital grants received under an enforceable agreement where it includes a transfer to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Company when completed, the Company recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer.

i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) **Term deposits**

Term deposits comprise investment deposits held with banks with short to medium term maturity periods. The investments are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

k) **Income tax**

The Company is exempt from income tax under s50-5 of the Income Tax Assessment Act, as it is an income tax exempt charitable entity. As a consequence, there is no income tax attributable to the operating result.

l) **General funds and reserves**

General Funds

The general funds represent the retained earnings of the Company that are not designated for particular purposes.

Fundraising Reserve

The fundraising reserve arises from the accumulated surpluses generated as a result of the efforts of parents and staff to allow services to purchase toys and equipment, to assist the service to expand and develop to meet local needs and to allow parents to share in the life of the service and to make a concrete contribution to their children's lives.

m) **Donations in kind**

Over the course of the year the Company has received donations in kind from a number of local councils in the form of the right to use premises at discounted rent. The Company is of the view that it is not feasible to fair value the services received accurately and as such it has not brought to account discounted rent as a donation.

n) **Trade and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. These amounts are usually settled within 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

Available-for-sale Reserve

The Available-for-Sale reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

Program Reserve

The Program reserve arises from surpluses on the programs that have been allocated to the Company for future liabilities that may arise which the Company will be accountable for.

o) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

p) **Unearned income**

The liability for unearned income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

q) **Comparatives**

Comparatives have been realigned where necessary, to agree with current year presentation. There was no change in the profit or net assets.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.1 Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on-cost rates; and
- experience of employee departures and period of service including future years in which long service leave is expected to be taken.

4.2 Leasehold improvements

As described at 3(a) above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

4.3 Impairment

In assessing impairment, the Company estimates the recoverable amount of each asset based on the depreciable replacement cost in accordance with AASB 136 *Impairment of assets*.

4.4 Impairment of trade and other receivables

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

4.5 Make good provision

Provisions for make good are included, where applicable, using the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises.

4.6 Revenue recognition

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Company has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Company has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation (e.g. activity work plans) and holding discussions with relevant parties.

Income recognition from grants received by the Company have been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

Determining the timing of satisfaction of performance obligations (and therefore whether to use an output or input method to recognise revenue over time) requires particular judgement in the case of grant contracts not directly linked to enrolment numbers. In most cases the best measure of performance obligations being satisfied was determined to be the Input method. As such revenue is recognised on these types of contracts as costs are incurred as this was determined to be the most accurate measure of satisfaction of performance obligations.

4.7 Leases (Company as a lessee)

Concessionary leases

The Company leases various buildings from local councils with significantly below-market terms and conditions principally to enable it to further its objectives.

The Company is dependent on these leases to further its objectives as it utilises the buildings to run its operations to deliver its services. The lease terms range from 1 year and the lease payments range from \$100 payable annually.

As outlined in the Company's accounting policy in Note 3g, the Company has elected to measure these leases at cost.

5. (Deficit)/Surplus for the year

	2020 \$	2019 \$
(i) Revenue from fees		
Parent's fees	47,586,284	73,110,255
(ii) Revenue from non-capital government funding		
Government funding	103,116,169	61,726,995
(iii) Other revenue		
Other revenue from ordinary operations consisted of the following items:		
Management fees	1,941,717	1,945,938
Gross fundraising income	151,775	330,504
Interest income	255,283	736,787
Consultancy fees	592,427	667,780
Sales of publications and courses	40,908	261,913
Sponsor support	783,352	2,773,670
Other sundry revenue	363,134	1,234,911
	<u>4,128,596</u>	<u>7,951,503</u>
(iv) Other income		
Government capital grant funding	169,593	435,676
(v) Surplus		
Surplus has been arrived at after charging the following items:		
Depreciation		
Property, plant and equipment	(2,317,078)	(1,861,461)
Right-of-Use Assets	(2,832,255)	(2,199,423)
Total depreciation	<u>(5,149,333)</u>	<u>(4,060,884)</u>
Amortisation		
Intangible Assets	(183,460)	(199,940)
Total amortisation	<u>(183,460)</u>	<u>(199,940)</u>
Total depreciation and amortisation	<u>(5,332,793)</u>	<u>(4,260,824)</u>
Net expected credit losses and bad debts written off	(13,299)	(22,995)
Finance costs		
Interest and finance charges paid/payable	(768)	(1,252)
Interest on Right-of-Use assets	(484,232)	(479,225)
	<u>(485,000)</u>	<u>(480,477)</u>
Gain on disposal of assets	7,793	-

6. Trade and Other Receivables

	2020 \$	2019 \$
Trade receivables		
Trade receivables	278,074	429,807
Allowance for expected credit losses	(92,414)	(84,349)
Accrued income	-	298,655
	185,660	644,113
Other receivables		
Other receivables	268,555	85,753
	454,215	729,866
Reconciliation of allowance for expected credit losses		
Balance 1 January	84,349	87,957
Increase to allowance for expected credit losses	92,016	103,334
Impairment recovery	(83,951)	(106,942)
Balance 31 December	92,414	84,349

No interest is charged on the trade receivables. The expected credit losses for other receivables is NIL as it relates mainly to interest receivable from banking institutions with low default rates.

7. Other Assets

	2020 \$	2019 \$
Prepayments	1,883,161	1,932,051
	1,883,161	1,932,051

8. Property, Plant and Equipment

	Land and Buildings \$	Leasehold Improvements \$	Furniture and Office equipment \$	Motor Vehicles \$	Make Good \$	Finance Lease Asset \$	Total \$
Gross Carrying Amount							
Balance at 1 January 2019	11,010,758	19,507,589	3,336,794	179,247	1,740,658	551,464	36,326,510
Additions	6,471,948	2,918,837	838,543	-	-	-	10,229,328
Assets under construction (WIP)	1,401,837	231,211	64,742	-	-	-	1,697,790
Reverse Assets under construction (WIP) 2019	(102,260)	(322,751)	(40,686)	-	-	-	(465,697)
Transferred to Right-of-Use Assets	-	-	-	-	-	(551,464)	(551,464)
Disposals	-	(4,029)	(102,148)	-	-	-	(106,177)
Balance at 31 December 2019	18,782,283	22,330,857	4,097,245	179,247	1,740,658	-	47,130,290
Additions	1,132,857	1,730,875	442,887	-	147,400	-	3,454,019
Assets under construction (WIP)	3,252,437	843,807	64,744	-	-	-	4,160,988
Reverse Assets under construction (WIP) 2020	(1,401,837)	(231,211)	(64,742)	-	-	-	(1,697,790)
Transferred from Intangibles	-	-	23,365	-	-	-	23,365
Disposals	-	-	-	(76,100)	-	-	(76,100)
Write-offs	-	-	(767,313)	-	-	-	(767,313)
Balance at 31 December 2020	21,765,740	24,674,328	3,796,186	103,147	1,888,058	-	52,227,459
Accumulated Depreciation							
Balance at 1 January 2019	(2,400,925)	(10,520,983)	(1,699,111)	(124,556)	(1,460,617)	(327,795)	(16,533,987)
Disposals	-	1,007	91,634	-	-	-	92,641
Transferred to Right-of-Use Assets	-	-	-	-	-	327,795	327,795
Depreciation expense	(229,772)	(1,117,626)	(487,262)	(8,219)	(18,582)	-	(1,861,461)
Balance at 31 December 2019	(2,630,697)	(11,637,602)	(2,094,739)	(132,775)	(1,479,199)	-	(17,975,012)
Disposals	-	-	-	30,821	-	-	30,821
Write-offs	-	-	763,313	-	-	-	763,313
Transferred from Intangibles	-	-	(18,173)	-	-	-	(18,173)
Depreciation expense	(299,331)	(1,348,474)	(570,038)	(1,193)	(98,042)	-	(2,317,078)
Balance at 31 December 2020	(2,930,028)	(12,986,076)	(1,919,637)	(103,147)	(1,577,241)	-	(19,516,129)
Net Book Value							
As at 31 December 2019	16,151,586	10,693,255	2,002,506	46,472	261,459	-	29,155,278
As at 31 December 2020	18,835,712	11,688,252	1,876,549	-	310,817	-	32,711,330

8. Property, Plant and Equipment (continued)

	2020	2019
	\$	\$
Depreciation:		
Land and buildings	299,331	229,772
Leasehold improvements	1,348,474	1,117,626
Furniture and office equipment	570,038	487,262
Motor vehicles	1,193	8,219
Make Good Asset	98,042	18,582
	<u>2,317,078</u>	<u>1,861,461</u>

9. Intangible Assets

	2020	2019
	\$	\$
Software		
Gross Carrying Amount		
Balance at 1 January	3,134,459	2,532,737
Additions	-	601,722
Transfer to Property Plant And Equipment	(23,365)	-
Assets under construction (WIP)	576,010	-
Balance at 31 December	<u>3,687,104</u>	<u>3,134,459</u>
Accumulated Depreciation		
Balance at 1 January	(1,768,829)	(1,568,889)
Transfer to Property Plant And Equipment	18,173	-
Amortisation expense	(183,460)	(199,940)
Balance at 31 December	<u>(1,934,116)</u>	<u>(1,768,829)</u>
Net Book Value at 31 December	<u>1,752,988</u>	<u>1,365,630</u>

10. Trade and Other Payables

	2020	2019
	\$	\$
Salary and superannuation accruals	2,766,965	1,985,039
Prepaid centre fees and holding deposits	3,856,942	3,779,759
GST payable	415,630	863,219
Other payables and accruals	2,661,549	2,275,303
Trade payables	2,472,578	1,828,436
WBS & Brokered program surpluses	4,444,286	5,895,928
	<u>16,617,950</u>	<u>16,627,684</u>

11. Lease Liabilities

	2020	2019
	\$	\$
(a) Current liabilities - lease liabilities - right-of use-assets		
Lease liability	<u>2,800,950</u>	<u>2,704,628</u>
(b) Non-current liabilities - lease liabilities - right-of use-assets		
Lease liability	<u>5,342,461</u>	<u>6,888,968</u>
Total lease liabilities (current and non-current) are set out below:		
Current	2,800,950	2,704,628
Non-current	<u>5,342,461</u>	<u>6,888,968</u>
	<u>8,143,411</u>	<u>9,593,596</u>
<i>Reconciliations</i>		
Reconciliations of lease liabilities (current and non-current) at the beginning and end of the financial year are set out below:		
Balance at beginning of year	9,593,596	-
Adoption of AASB 16 on 1 January 2019	-	3,934,307
Additions	1,030,702	7,692,638
Repayment of lease liabilities	(2,965,119)	(2,513,826)
Interest	484,232	480,477
Balance at end of year	<u>8,143,411</u>	<u>9,593,596</u>

12. Unearned Income

	2020	2019
	\$	\$
Prepaid government funding	12,744,078	6,954,221
Prepaid special education income	1,986,922	1,954,654
	<u>14,731,000</u>	<u>8,908,875</u>

13. Provisions

	2020	2019
	\$	\$
Current		
Employee Benefits:		
Provision for annual leave and rostered days off	10,335,792	9,363,974
Provision for long service leave	7,490,593	6,732,619
	<u>17,826,385</u>	<u>16,096,593</u>
Provision for Make Good Liability:		
Make good liability	691,804	605,095
	<u>18,518,189</u>	<u>16,701,688</u>
Non-current		
Employee Benefits:		
Provision for long service leave - non current	2,684,513	2,354,601
Provision for Make Good Liability:		
Make good liability	1,191,739	1,135,563
	<u>3,876,252</u>	<u>3,490,164</u>

14. General Funds

	2020	2019
	\$	\$
Balance at beginning of financial year	36,527,597	35,697,199
Effect of change on accounting policy for leases	-	(132,332)
Net surplus	7,648,697	931,615
Transfers from Fundraising Reserve (Note 15)	19,235	31,115
Balance at end of financial year	<u>44,195,529</u>	<u>36,527,597</u>

15. Fundraising Reserve

	2020	2019
	\$	\$
Balance at beginning of financial year	1,097,166	1,128,281
Transfer to general funds	(19,235)	(31,115)
Balance at end of financial year	<u>1,077,931</u>	<u>1,097,166</u>

The fundraising reserve arises from the accumulated efforts of parents and staff to allow services to purchase optional toys and equipment, to assist the service to expand and develop to meet local needs and to allow parents to share in the life of the service and to make a concrete contribution to their children's lives.

Further notes on fundraising are set out in Note 23.

16. Non-current assets - right-of-use assets

	2020	2019
	\$	\$
Right-of-use assets	12,067,882	11,072,319
Less: Accumulated depreciation	(5,359,473)	(2,527,219)
Balance at end of financial year	<u>6,708,409</u>	<u>8,545,100</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below.

Balance at beginning of year	8,545,100	-
Adoption of AASB 16 on 1 January 2019	-	3,801,975
Additions	995,564	6,942,548
Depreciation Expense	(2,832,255)	(2,199,423)
Balance at end of year	<u>6,708,409</u>	<u>8,545,100</u>

18. Contingent Liabilities

	2020	2019
	\$	\$
Bank Guarantee 21 January 2014 to Central Coast Regional Development Corporation	4,796	4,796
Bank Guarantee 30 April 2015 to Marrickville Council	15,400	15,400
Bank Guarantee 12 September 2016 to Abalon Properties Pty Ltd	7,400	7,400
Bank Guarantee 12 September 2016 to Kearley Investments Pty Ltd	9,900	9,900
Bank Guarantee 15 May 2018 to Centennial Park and Moore Park Trust	42,062	42,062
Bank Guarantee 15 May 2018 to Hornsby Shire Council	20,196	20,196
Bank Guarantee 28 May 2018 to Hornsby Shire Council	12,733	12,733
Bank Guarantee 28 May 2018 to Hornsby Shire Council	21,791	21,791
Bank Guarantee 18 May 2020 to Ku-ring-gai Council	262,488	-
	<u>396,766</u>	<u>134,278</u>

19. Economic Dependency

As disclosed at Note 5, a significant source of revenue is government funding. This funding supports programs for early childhood education and care.

20. Related Party Disclosures

a) Directors' compensation

The Directors act in an honorary capacity and receive no compensation for their services (2019: nil).

b) Transactions with Director-related entities

During the year, no amounts were paid to Director-related parties. No amounts are payable to or receivable from Directors or Director related entities at the reporting date. If a Director utilises the services of KU Children's Services they pay the arms length market rates for provision of these services.

c) Key Management Personnel Remuneration

The aggregate compensation of the key executive management personnel of the Company is set out below:

Total compensation	1,596,723	1,551,147
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KU Executive salaries are independently benchmarked regularly by a specialist remuneration consultancy firm, against open market and not for profit sector trends.

21. Note to the Statement of Cash Flows

	2020	2019
	\$	\$
(a) Reconciliation of (Deficit)/Surplus for the year to Net Cash Flows From Operating Activities		
Surplus for the period	7,648,698	931,615
Depreciation and Amortisation of non-current assets	5,332,793	4,260,824
Interest received	(255,283)	(736,787)
Finance costs	35,906	480,477
Government capital funding	(186,554)	(472,548)
Decrease/(Increase) in trade receivables and other assets	324,538	(1,049,210)
(Decrease) in trade payables and other liabilities	5,759,750	4,888,194
Increase in provisions	2,202,590	1,076,787
Gain on disposal of fixed assets	(7,793)	-
Net cash generated from operating activities	<u>20,854,645</u>	<u>9,379,352</u>

(b) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and on hand. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	<u>58,150,159</u>	<u>51,188,845</u>
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The cash balances include maturing term deposits with a term of 3 months or less.

22. Term deposits

Term deposits with a term of more than 3 months	<u>5,500,000</u>	<u>-</u>
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Term deposits comprise term deposit investments held with various banks. The maturity periods on these investments from the date of purchase range between 3 to 10 months. Term deposits for 2019 were shown as NIL due to them all having a maturity period of less than 3 months from date of purchase until 31 December 2019.

23. Information & Declarations to be Furnished Under the Charitable Fundraising Act 1991

Under this Act, KU Children's Services holds a single authority to fundraise for KU centres. The authority does not extend to services which KU manages on behalf of another organisation. Preparation of the following information reflects the level of disclosure existing in management systems in use by the organisation.

(a) Statement of Fundraising Income and Expenditure

Detailed income statement for the year ended 31 December 2020

	2020	2019
	\$	\$
Raffles	16,228	18,799
Functions	26,815	176,998
Sale of Items	66,163	101,496
Interest	138	2,951
Donations	42,430	30,259
Gross Proceeds from Fundraising	151,774	330,503
Raffles	(80)	(188)
Functions	(46,875)	(115,600)
Sale of Items	(32,027)	(54,013)
Total Cost of Fundraising	(78,982)	(169,801)
Net Proceeds from Fundraising	72,792	160,702

(b) Accounting Principles and Methods adopted in Fundraising accounts

The fundraising financial statements have been prepared on an accrual basis and in accordance with Australian Accounting Standards as per Note 3.

(c) Application of Fundraising Proceeds in 2020

Opening balance	1,105,061	1,128,281
Net proceeds from fundraising	72,793	160,703
Centre improvement and equipment	(99,924)	(183,886)
Bank charges	-	(37)
Total Reserve as at year end	1,077,930	1,105,061

23. Information & Declarations to be Furnished Under the Charitable Fundraising Act 1991 (continued)

(d) Details of Gross Income and Aggregate Expenditure of Appeals Conducted Jointly with Traders

For the purpose of this note all fundraising involving the Sale of Items (e.g. chocolates, sun hats, sunscreen, etc) is deemed to have involved a trader.

	2020	2019
	\$	\$
Gross income received from sale of items	66,163	101,496
Total expenditure incurred	32,027	54,013

(e) Forms of Fundraising Appeals Conducted in 2020

For the purposes of reporting under the requirements of the Charitable Fundraising Act 1991, KU Children's Services classifies all fundraising activities under five categories; raffles, functions, sale of items, donations and interest.

(f) Key Indicators for Fundraising Activities

Total Cost of Fundraising \$78,982 (2019: \$169,801) divided by Gross Income from Fundraising \$151,774 (2019: \$330,503) equals 52 % (2019: 51 %).

Net Surplus from Fundraising \$72,792 (2019: \$160,703) divided by Gross Income from Fundraising \$151,774 (2019: \$330,503) equals 48 % (2019: 49 %).

24. Additional Company Information

KU Children's Services is a public company limited by guarantee, incorporated and operating in Australia.

Principal Registered Office and Principal Place of Business

129 York Street
Sydney NSW 2000

25. Government Grant Funding

During the course of the calendar year specific Government Funding that required acquittal reporting included the following Programs:

Program	Funding \$ 2020-12-31	Funding \$ 2019-12-31
Specialised Equipment and Resources for Kindergartens – Queensland Government Department of Education	370,000	500,000
Inner West Play & Chat – NSW Department of Family & Community Services	387,782	384,183
Newcastle Supported Playgroups – NSW Department of Family & Community Services	147,845	144,747
Marcia Burgess Autism Specific Early Learning & Care Centre – Australian Government Department of Social Services	845,500	845,500
Inclusion Development Fund Manager – Australian Government Department of Education and Training	2,881,370	2,665,043
Inclusion Agency – Australian Government Department of Education and Training	22,866,315	23,764,666
Supplementary Assistance – Department of the Prime Minister and Cabinet	132,765	132,765
Research Project – Australian Government Department of Social Services	-	102,157
Steps to Starting School – The Smith Family	108,047	106,450