



NLS Business and Financial Services

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4 Kitchener Street

Mentone VIC 3194

Mobile: 0439-030-079

Email: nspencer@nlsbusinessfinancial.com.au

11th November 2023

The Committee of Management
North Brighton Kindergarten Inc
145A Cochrane Street
Brighton VIC 3186

Dear Members of the Committee

I have recently completed an audit of the special purpose reports of your organisation for the period 1st October 2022 through to the 30th September 2023 and I make the following observations and remarks.

I note that based on the kindergartens turnover and current registrations with the Australian Charities and Not for Profits Commission (ACNC) it is classified as a medium charity and as is required the financial statements have been prepared in accordance with Div 60 Australian Charities and Not for Profit Commission Act 2012 and a subsequent review has been conducted in line with these requirements.

In accordance with regulations organisations registered with the ACNC are required to maintain financial records for seven (7) years from the end of the financial year. Prior to destruction, please ensure that any privacy issues are addressed.

The kindergartens financial report shows a net profit of \$11,038.62

I would note that based on the budget provided the income received was less than projected however expenses were less than budgeted for.

The kindergarten participated in the free kinder program this financial year, where funding is received from the government on a per head basis to subsidise the cost of attendance. The kindergarten has established there is gap between the subsidy received and costs to run programs and encourages families to make a voluntary donation for the difference. I would recommend that the sustainability of participating in the free kinder program should be reviewed, as the reliance to fund gaps with voluntary contributions is a risk.

I note that as at the end of the financial year there was an increase in accounts receivable in comparison to the prior year.

The term deposit and cash reserve surplus account has been put aside to cover employee entitlements. Long Service leave provisions are now being paid to the Portable Long Service Leave fund set up to manage long service leave entitlements for those working in the community sector. The provision is adjusted each year, to consider current pay rates, for those historic hours. Currently the provision shown in the balance sheet is over provided for based on the kindergarten's calculations, and cash reserves.

I note that there are amounts outstanding for unspent grants within the balance sheet. Correct reporting for grants ensures that they are not reported through the profit and loss statement until they are fully expended.

If you have any further questions concerning this report and the matters discussed herein, please do not hesitate to contact me on the above number. Thank you to LeeAnn Weir for her assistance with the review.

Yours sincerely

Nicole Spencer FFA FIPA