

20
25

Your child,
supported by
our village

SDN Children's Services

Annual 20 Report 25



sdn
children's services

ABN: 23 000 014 335

Welcome to our SDN village,
where everyone belongs.

120th sdn
children's services



SDN Acknowledges

the unique position of Aboriginal and Torres Strait Islander peoples in our culture and history, and expresses this by recognising the Traditional Custodians of the many lands our services are situated on, and paying respect to Elders, past and present.



SDN Children's Services

Annual Report 2025

ABN 23 000 014 335

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e sdn@sdn.org.au

Level 3
19–37 Greek Street
Glebe NSW 2037

View our Annual Report at
www.sdn.org.au/corporate-publications

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Directors & Officers

Directors

The Directors as at publication at 30 September 2025 were:

Helen Hamilton-James
President

Linda Cassidy
Director

Darren Mitchell
Director

Kirsty Albert
Director

Angela Donohoe
Director

Biljana (Billie) Sankovic
Director

Leanne Boyle
Director

Glenn Hughes
Director

Tom Taylor
Director

For more information on our Directors, see www.sdn.org.au/about-sdn/governance

CEO
Kay Turner

**Registered Office &
Principal Place of Business**

Auditor
BDO Audit Pty Ltd
Level 25
252 Pitt Street
Sydney NSW 2000

Company Secretary
Dianne Speakman

Level 3
19-37 Greek Street
Glebe NSW 2037

Senior Leadership Team

The Senior Leadership Team as at publication at 30 September 2025 was:

Kay Turner
Chief Executive Officer

Tanuja Bissa
Chief Financial Officer

Sumit Chugani
Finance Director

Rod Nadwie-Smith
Head of Services

Michelle Phipps
Chief People Officer

Bryan Mattes
*Director of Environment, Social
and Governance (ESG)*

Adrienne Jerram
*Head of Marketing and
Communications (Acting)*

Glynis Chang
*Director of Organisational
Development*

For more information on our Senior Leadership Team, see www.sdn.org.au/about-sdn/our-team



Our Purpose

is to promote and enhance the wellbeing, learning and development of children, in inclusive environments.

Our Values

In carrying out our purpose we commit ourselves to being:



Trustworthy + Reliable

Inclusive + Respectful

Creative + Innovative

President's & CEO's *report*

The past year was one of resilience, laying the foundations for expanding our reach and capability, while keeping children's safety and wellbeing at the heart of everything we do. We navigated change, with shifting regulations and increased public attention and opened a new early learning centre in Macquarie Park.

Early Learning

The early learning sector operated under significant public scrutiny. National reviews by the Productivity Commission and ACCC placed early childhood education and care (ECEC) under the spotlight, prompting discussion about affordability, access, quality and safety. Findings will inform the Early Education Service Delivery Prices project in 2025/26 and we expect to contribute insights about the real costs of quality, inclusive, sustainable ECEC.

Our efforts, made together with like-minded organisations, contributed to key policy outcomes including the introduction of a three-day early learning guarantee for families and Worker Retention Payments for eligible early learning staff.

Child safety

This year shone a spotlight on the importance of keeping children safe. Media investigations uncovered serious cases of harm to children by some early learning and disability providers, sparking public concern and urgent government action. At SDN, we foster a culture where every staff member is expected to take responsibility for the safety and wellbeing of children and young people. We have strengthened our child safe organisation framework:

- ▶ restricting the use of personal devices when working with children
- ▶ improving screening during recruitment
- ▶ promoting our "see something, say something" approach
- ▶ refreshing our code of conduct
- ▶ improving required learning and education for all staff.

SDN also joined other sector leaders to advocate for meaningful reforms that support a safe and trusted ECEC system.

Children's Therapies

In 2024-25, we continued our commitment to inclusive, evidence-based support for children with disability and developmental delay, including as a registered NDIS provider. We prepared for the future by restructuring our children's therapy services as location-based, integrated supports within our early learning centres so that children can have consistent, inclusive supports in familiar environments.

Family Support Services

This year, our family preservation and support services assisted 812 families facing challenges and over 1,100 children and young people.

Using our innovative Thriving Families framework, our practitioners focused on what matters most to families, building confidence, resilience and better outcomes for children while reducing risk. Our Family Resource Program continues to strengthen support through regular coaching and capacity building for SDN educators.

SDN's selection for the ACT Sustaining Families Panel expands our reach beyond NSW. The NSW Government extended funding for Family Preservation and Targeted Earlier Intervention programs for a limited time. We've actively responded to the open tender for a redesigned replacement program and expect outcomes in early 2026.

Investment in strategy

Despite operating in a complex and rapidly changing environment — and experiencing a slight reduction in the number of children and families served due to ongoing flexible work arrangements and staffing pressures, SDN remained firmly focused on delivering our 2024–2028 Strategic Plan. We made deliberate financial and resource investments to strengthen our services, support our people, advocate for inclusion, and lay the groundwork for future growth.

In January, we opened our new centre at Macquarie Park in Sydney's North-West. The centre integrates early childhood intervention and an autism-specific preschool program into a mainstream early learning centre and adds to those already operating at SDN Beranga and SDN Lois Barker. More than traditional early learning centres, these centres operate as an integrated hub, offering quality early learning, family support, an autism-specific preschool program, and children's therapies. Designed using principles of inclusion and neurodiversity, enrolments are steadily growing as families embrace our inclusive approach marking the first step in a growth strategy built on SDN's strong property portfolio.

We took a significant step forward in embedding our expertise in supporting autistic children. An internal cross-functional group has designed an inclusive, autism specific preschool model that reflects our values, vision and experience working with autistic children. This model is guided by three core principles:

- ▶ **Equity:** Autistic children and their families will experience a welcoming and inclusive enrolment, free from segregation or discrimination
- ▶ **Opportunity:** Autistic children and their families will have the same opportunities as their peers
- ▶ **Tailored Support:** Learning environments will be safe, supportive and responsive to each child's unique needs, with flexible levels of support

In March we launched Educators as Communicators, activating our strategic goal of helping families feel confident, capable and connected. Developed from insights gathered through research with families and staff, the program equips educators with the tools to build trust and strengthen relationships with families.

We launched a pilot program to gather feedback directly from children using our services, reflecting our commitment to including their voices in decision-making and continuous improvement. Children shared how we can better support their wellbeing and we gained valuable insights into authentically engaging with children, including infants, for meaningful feedback.

To drive our strategy and facilitate future growth, we have been building our IT capability, including:

- ▶ Undertaking a cyber security review, to inform a new level of protection for the data of children, families and staff
- ▶ Planning for a new customer relationship management (CRM) system, enabling us to better meet the evolving expectations of families
- ▶ Continuing the implementation of Dayforce, our people management system, rolling out the recruitment module and My Learning@SDN.

Investing in our people

Our people are integral to fulfilling our purpose and we're committed to creating an enriching and rewarding employee experience that fosters purpose, connection and growth.

This year, we significantly boosted education and career development, supported more students and saw strong retention. Over half of our staff have been with SDN for more than three years. Engagement remains high, with survey results showing staff stay because they believe in our purpose, feel supported and see a future with SDN.

A new Enterprise Agreement was finalised in July 2025 with overwhelming staff support. We also negotiated a tailored agreement with the Australian Government that enabled eligible early learning staff to access the Worker Retention Payment. To ensure staff received the full benefit, SDN covered the gap between the government's estimated funding and the actual cost of delivery. While we will apply for a funding review to cover this gap, this meant ending the year with a small deficit, reflecting our strong commitment to supporting our workforce.

Governance

SDN's balance sheet remains strong, supported by robust governance and risk management. The SDN and CFS Boards, alongside leadership, are committed to using this position to reach more children and families.

Our Board has provided steady leadership and strategic oversight throughout the year. We thank each Director for their expertise and dedication to our purpose. Their guidance ensures we remain accountable, future-focused, and aligned with the best interests of children and families.

Amid growing scrutiny and policy shifts SDN, now in our 120th year, remains focused on building an equitable world where all children thrive.

***Helen Hamilton-James, President;
and Kay Turner, Chief Executive Officer***



Helen Hamilton-James
President



Kay Turner
Chief Executive Officer

Directors' Report

SDN Children's Services is a not for profit company limited by guarantee and is a charity registered with the Australian Charities and Not-for-profits Commission (ACNC).

Our strategic outcome is to grow our current reach and deliver coordinated children's services, including for children experiencing disadvantage. We will do this by having consistent, quality services that are desirable for families, are sustainable, and have impact.

SDN has a wholly owned subsidiary SDN Child and Family Services Pty Ltd which is endorsed as a Public Benevolent Institution and is responsible for managing government program contracts and services, and programs funded by donations.

This report is our consolidated report for the 2024-25 financial year and contains the information required as part of our regulatory reporting requirements. Our progress against our strategy is reported in our Annual Review.

Our activities are:

1

Early Learning

2

Children's Therapies

3

Family Preservation & Support



Our Impact *in 2024-25*

4,901

children and families
positively impacted.

This year, we positively impacted **4,901**
children and families.

Last year: 5,235

We provided **2,797** children with
high quality early learning through
our 27 centres.

2,797

children supported
through our 27 centres.

Last year: 3,117

321

additional children
facing challenges
supported.

We supported an additional **321** children facing challenges to
be enrolled in mainstream settings.

Last year: 137

As at 30 June 2025, we were
providing early intervention services
for **502** children with disabilities or
developmental delays.

502

children with
disabilities
or developmental
delays.

Last year: 593

165

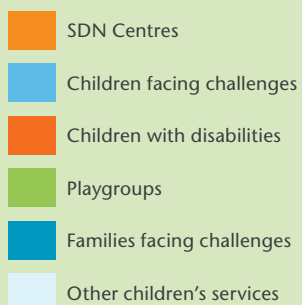
children in supported
playgroups and
activities.

Last year: 138

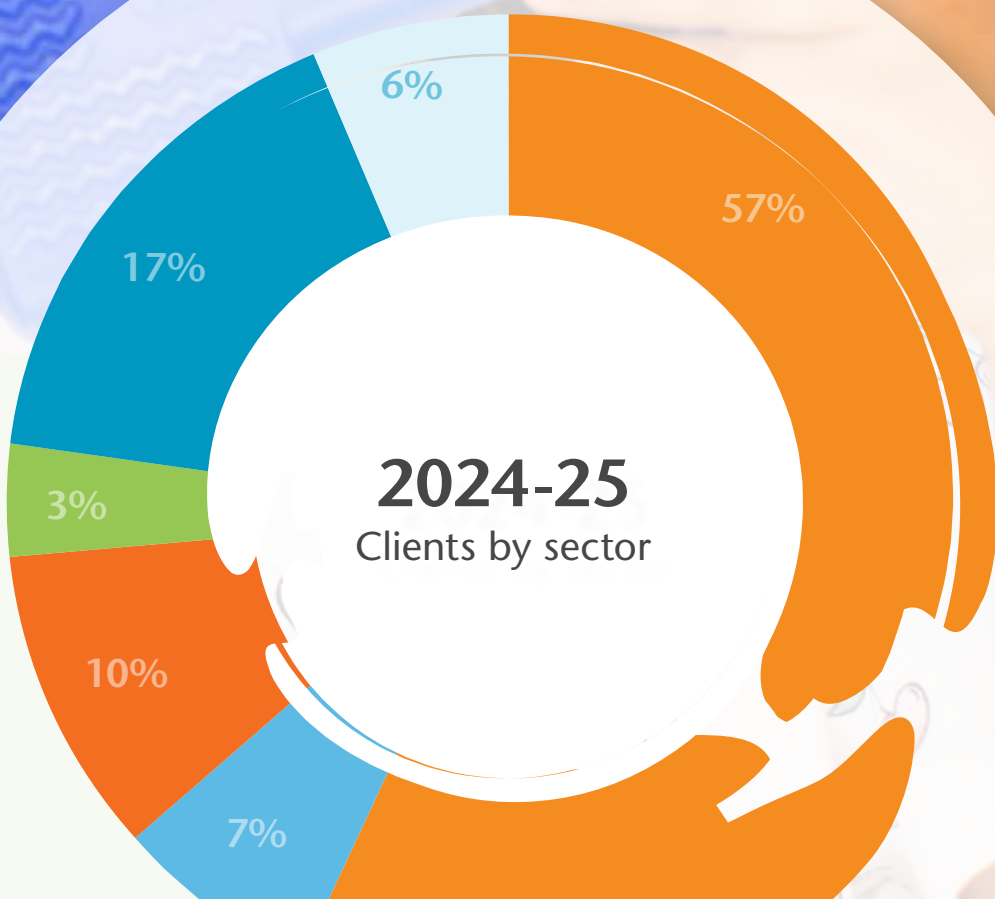
812

families facing
challenges supported.

Last year: 887



2024-25 Clients by sector



SDN actively supports the children's services sector to be

more inclusive of children.

In 2024-25, we supported 304 other service providers through the following programs:

(compared with 363 last year)

Family
Preservation

194
services

Last year: 233

Playlinks

25
agencies

Last year: 28

Child & Family
Interagency
Inner & Eastern Sydney

80
agencies

Last year: 74

Start Strong
Pathways

5
agencies

Last year: 6

Financial Position

The SDN group maintained a **strong financial position** over a challenging year.

Net Assets 2024-25

\$56,553,758

2023-24: **\$49,576,250**

Cash Equivalents 2024-25

\$17,370,285

2023-24: **\$14,717,154**



Operating Result for 2024-25

The SDN group successfully navigated lower utilisation levels and reduced children's therapies activities to continue our investment in increasing our reach and impact by opening a new centre at Macquarie Park and delivered a small deficit. Revenue remained flat with revenue from fee increases being offset by the lower utilisation and continuing higher wages for staff so we could remain competitive.

2024-25 - Deficit of

\$(55,759)

2023-24: Surplus of **\$319,311**

FY2025 includes operating surplus of \$41,060 from SDN Child and Family Services

Revenue

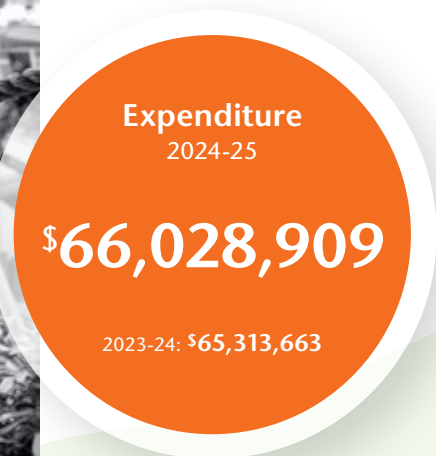
Revenue growth remained flat when compared to the prior year's performance with most revenue continuing to be derived from the provision of Early Education and Care services.

The impact to ECEC demand from the effects of ongoing cost of living pressures and the sustained changes to family work patterns and expectations continues as remote and hybrid working models become the norm for many of our families. Revenue from Children's Therapies services dropped. This remains a challenging market in which to participate with uncertainty about future funding models for supporting children with disability or developmental delays contributing to significant staffing challenges and impacting on service delivery. Revenue from the delivery of our government-funded programs remained steady.

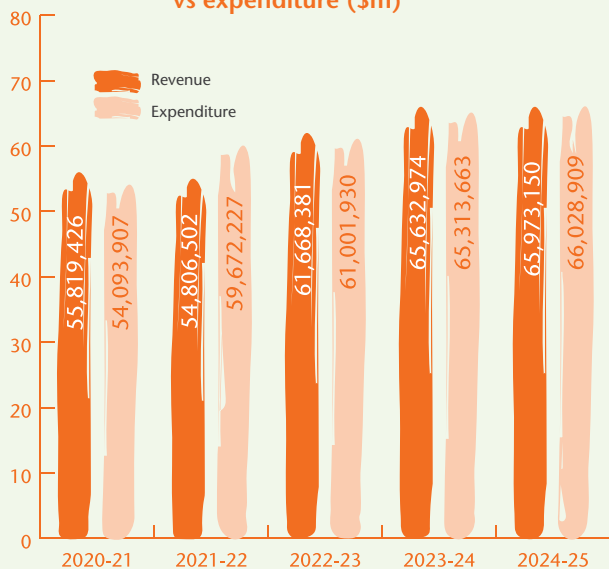


Expenditure

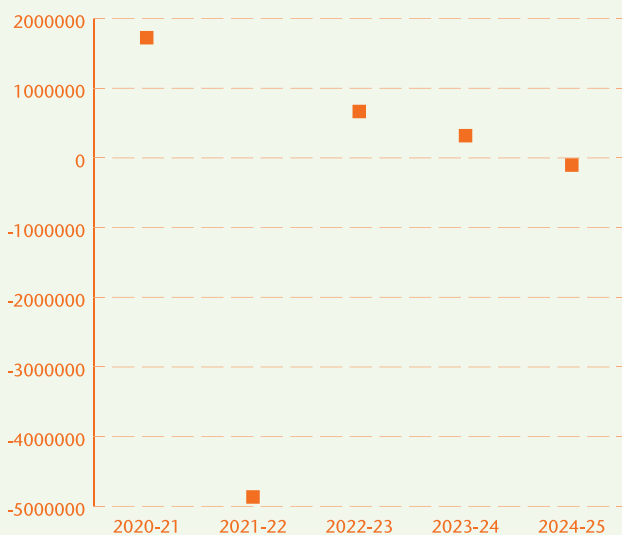
Expenditure was tightly controlled throughout the year. Staffing challenges continued to be experienced in all sectors of SDN operations as services competed in highly competitive job markets. This has an impact on staff turnover levels and an ongoing upward pressure on wages. The current inflationary and cost of living pressures have been felt across SDN's cost base with upward pressure on both direct and indirect expenses experienced throughout the year. Strategically important projects delivered during the year, such as the implementation of a new Human Resources Information System and the establishment of our new SDN Macquarie Park centre are also reflected in this year's expenses.



Five-year consolidated revenue vs expenditure (\$m)



Consolidated surplus / (deficit) over five years

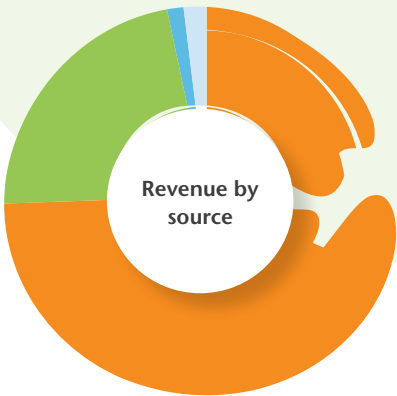


Revenue and Expenditure

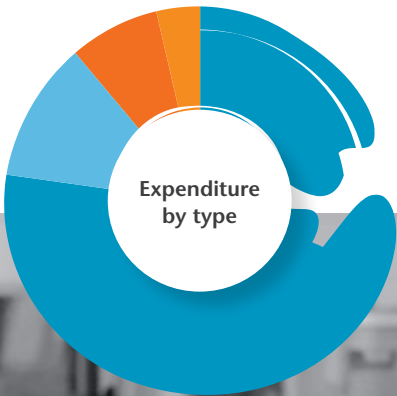
Fees from Early Childhood Education and Care centres continue to be our most significant source of revenue. The ongoing impacts of increased cost of living pressures, changes in community expectations, lifestyles and work patterns, all have had an adverse impact on utilisation patterns across our centres.

During 2024-25, revenue from our fee-for-service therapies for children with a disability or developmental delay decreased on prior year levels. We continue to see results from the capacity building focus on improvement of work practices, systems and processes. We are preparing for future restructuring in this sector and have transitioned to a location-based integrated supports model over the second half of the financial year.

Federal and state government funding is for the delivery of specific programs and projects resulting from successful tenders and grant applications. The majority of this comes from our delivery of the Family Preservation program.



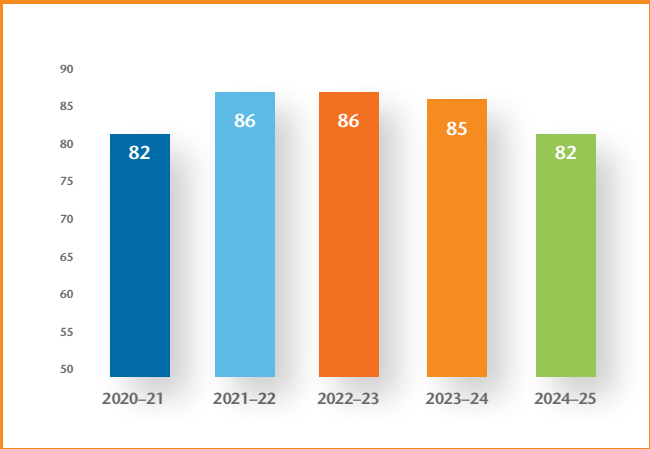
- Parent fees and child care benefits
- Government grants and subsidies
- Children's Therapies
- Other



- Staff costs
- Occupancy expenses
- Administration
- Service delivery

Centre Utilisation

as a % of approved places over 5 years



Children's Education and Care Centres

Revenue
2024-25

\$49,148,679

2023-24: \$49,780,267

Revenue remained steady over the year, with cost-driven fee increases offset by shifts in consumer behaviour — particularly the persistence of flexible work patterns, which have contributed to uneven demand for services. Delays in opening our newest centre also impacted revenue. Despite these challenges, SDN continues to experience strong utilisation levels, albeit slightly lower than the previous year, in a competitive market. While increased public scrutiny across the sector has placed additional demands on service delivery, SDN has maintained its commitment to delivering early learning outcomes that go **"beyond quality"**, guided by the SDN Way.

Children's Therapies

Revenue
2024-25

\$887,583

2023-24: \$1,705,000

Fee-for-service revenue for Children's Therapies declined during the year, driven by significant challenges associated with operating under the NDIS and ongoing difficulties in recruiting qualified staff. In response, SDN restructured its approach in the second half of the year, transitioning to a new, integrated centre-based model of service delivery. While activity levels decreased, this does not reflect the underlying demand for support among children, families, and carers. The new model builds on earlier work to streamline back-end processes and enhance the experience for families, with services now delivered through several SDN centres rather than stand-alone locations. Recruitment and retention of experienced staff remains a critical challenge.

Family Preservation & Support Programs

Revenue
2024-25

\$9,994,839

2023-24: \$9,687,840

We have sustained our level of support for families and continue to be trusted advisers. Our largest government-funded contract is for the NSW Family Preservation program which is in its third and final year of the current commissioning contract. We have contributed to the NSW Government redesigning of this program and have tendered for the new Families Together program and contract for effect from 1 April 2026, if successful. Funding for our other programs was maintained during the year.

Other resources

Philanthropy

There was a significant rise in philanthropic grants and donations during the year largely due to generous donations received to mark the celebration of our 120th anniversary.

2024-25

\$217,177

2023-24: \$87,811



Fundraising

Many of our children's education and care centres benefit from the additional equipment purchased for centres from fundraising activities of families.

2024-25

\$2,974

2023-24: \$6,832

Scholarships for Children

During 2024-25 we supported:

22 children

with Aboriginal and Torres Strait Islander Scholarships totalling **\$132,000.**

Last year: 23

+

8 children




with Access and Inclusion Scholarships children totalling **\$48,000.**

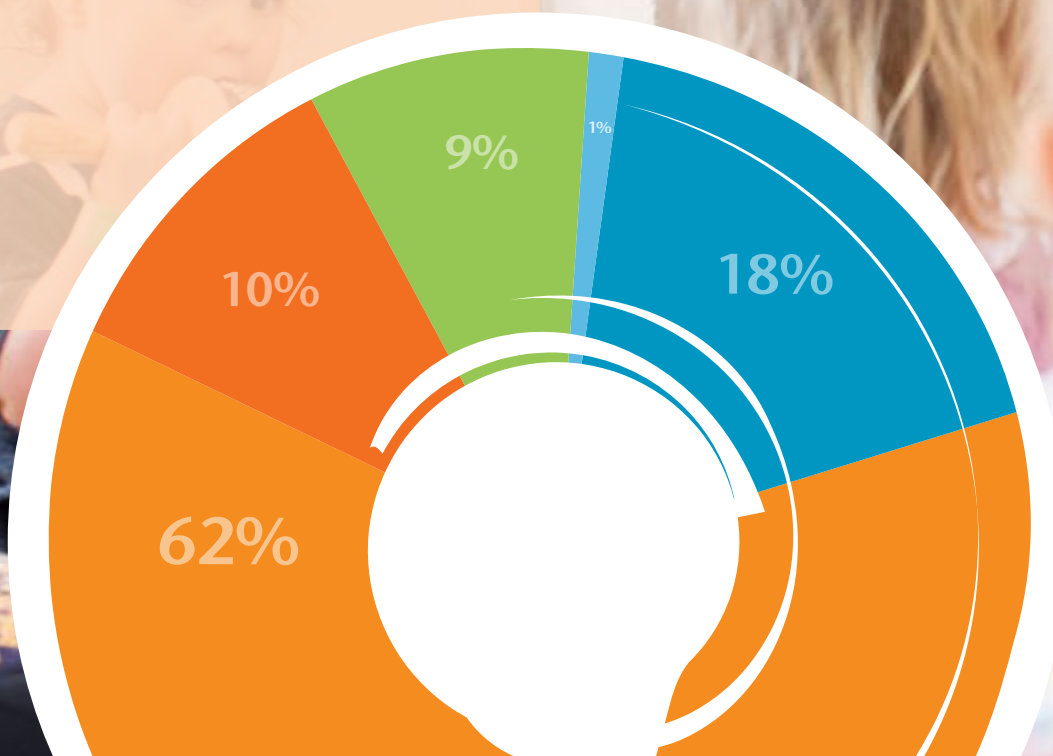
Last year: 9

Our staff

As at 30 June 2025, we employed a total of **738 staff**. Of these, **69%** are permanent employees, **13%** are employed on maximum term contracts aligned with our funded programs and **18%** are casual staff. This reflects a slight increase in the proportion of permanent staff compared with 2023–24, consistent with the addition of a new centre.

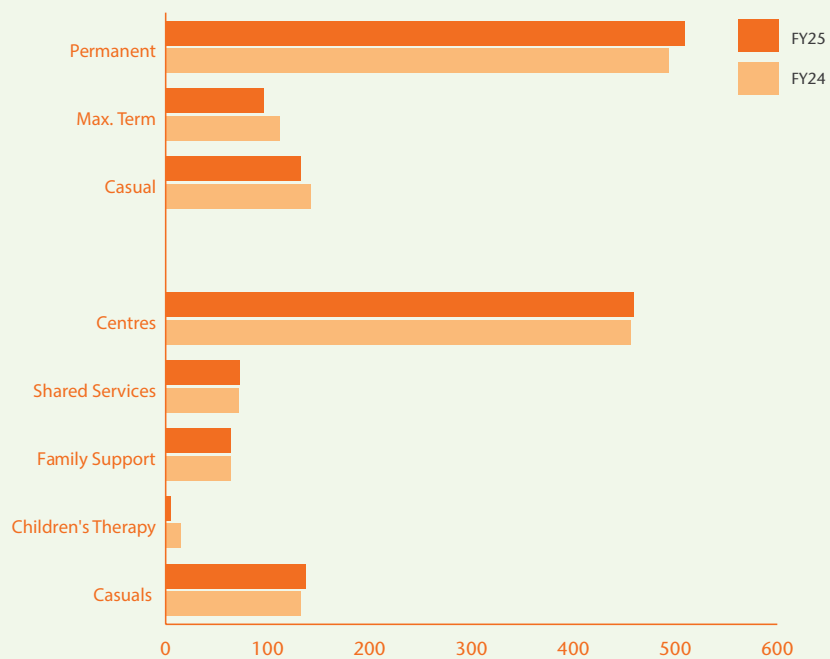
Staff by service stream 2024-25

-  **Centres** (459)
-  **Children's Therapies** (5)
-  **Family Preservations and Family Support** (64)
-  **Shared Services** (73)
-  **Casuals** (137)





Headcount Change FY24 to FY25



Students and trainees

In 2024-25, SDN supported **128 student placements** across its centres, with the majority in Early Childhood Teaching (ECT) degrees. Of these, **61 placements (47%)** were filled by SDN staff reflecting our ongoing commitment to (and investment) in internal workforce development.

SDN also continues to address sector-wide teacher shortages by supporting six educators through the University of Wollongong's Accelerated Pathways Program, with two expected to graduate in late 2025.

Information on Directors

during 2024-25



Helen Hamilton-James

President from November 2022 to current

Member of Governance and Remuneration Committee
Director since July 2019

Bachelor of Law (Hons) (Aberd); Member of Chartered Accountants Australia and New Zealand; Graduate of the Australian Institute of Company Directors

Kirsty Albert

Chair of Governance and Remuneration Committee
Director since February 2010

Bachelor of Arts (Hons) (Syd); Bachelor of Laws (Syd); Graduate of the Australian Institute of Company Directors; Director and Fellow, Governance Institute of Australia

Leanne Boyle

Member of Property Committee
Director since February 2025

Bachelor of Land Economics (Hons) (UTS); Masters Business Management Administration (UTS); Graduate of the Australian Institute Company Directors

Linda Cassidy

Chair of SDN Child and Family Services Board from November 2024

Director since February 2018

Bachelor of Arts (Social Science) (Curtin); GradCertMktg (UTS); Member of the Australian Institute of Company Directors

Angela Donohoe

Chair of the Property Committee
Member of Risk and Audit Committee
Director since June 2014

Bachelor of Commerce (Accounting, Finance and Systems) (UNSW); Certified Practising Accountant (CPA); Graduate of the Australian Institute of Company Directors (GAICD); Senior Fellow of Financial Services Institute of Australasia (FINSIA)

Glenn Hughes

Member of Governance and Remuneration Committee
Member of the Property Committee
Director since August 2014

Bachelor of Commerce (Accounting/Finance) (UNSW); Bachelor of Law (UNSW); Masters of Law and Management (AGSM)

Tamara Johnston (resigned Dec 2024)

Member of Risk and Audit Committee

Member of the Property Committee

Director since November 2017

Bachelor of Communication (Canberra); Graduate Certificate in Business (Curtin); Master of Business Administration (Canberra); Graduate of Australian Institute of Company Directors

Darren Mitchell

Chair of Research Ethics Committee

Director of SDN Child and Family Services Board

Director since November 1996

Bachelor of Economics; Master of Economics (Syd); PhD (Syd)

Biljana (Billie) Sankovic

Director of SDN Child and Family Services Board

Director since February 2025

Bachelor of Social Work (Hons) (CSU); Master of Human Services Management and Policy, with distinction (CSU)

Tom Taylor

Chair of Risk and Audit Committee

Member of the Property Committee

Director since July 2019

Bachelor of Business (CSU); Certified Practising Accountant (CPA); Graduate of Australian Institute of Company Directors

Barbara Wise

(resigned from SDN Board Nov 2024)

Director of SDN Child and Family Services Board

Chair of SDN Child and Family Services Board until November 2024

Director since December 2014

Bachelor of Arts (Hons); Master of International Studies (Syd);

Directors' attendance at SDN Board Meetings for the 2024-25 financial year

Name	N° of Meetings Attended	N° of Meetings Eligible to Attend
Helen Hamilton-James <i>(President)</i>	12	13
Kirsty Albert	12	13
Leanne Boyle <i>(joined February 2025)</i>	4	5
Linda Cassidy	10	13
Angela Donohoe	12	13
Glenn Hughes	11	13
Tamara Johnston <i>(resigned December 2024)</i>	7	7
Darren Mitchell	10	13
Biljana Sankovic <i>(joined February 2025)</i>	5	5
Tom Taylor	12	13
Barbara Wise <i>(resigned November 2024)</i>	2	5

Work of Board Committees

The SDN Board appoints committees to assist it in carrying out its work and currently has **four standing committees in place**.

Risk and Audit Committee

This committee assists the Boards in the effective discharge of their responsibilities in the areas of statutory reporting, internal control systems, risk management systems, insurance and legal proceedings, and the external audit functions.

Governance and Remuneration Committee

This committee assists and advises the Boards in fulfilling its responsibilities in governing both organisations and the SDN group collectively, including consideration of board composition, Board renewal and development, CEO appointment, succession planning and review. This committee also works with the CEO to determine the overarching remuneration policy.

Research Ethics Committee

This committee makes decisions regarding the approval or otherwise of Applications for Research and Evaluation at SDN in accordance with ethical principles identified in the Guidelines for Research and Evaluation at SDN, monitors compliance by those granted approval, and provides advice on policies and procedures relating to research and evaluation at SDN. This Committee includes external committee members as well as at least one SDN board director.

Property Committee

This committee assists and advises the SDN Board in fulfilling its responsibilities in decision making regarding the proposed major development and/or divestment of specific properties owned by SDN.





Other items to report

Membership

SDN is a company limited by guarantee. Contributions payable per member in the event of winding up is limited to twenty dollars.

Review of Operations

Information on the operations and financial position of the SDN group and its business strategies and prospects are set out in the President's and CEO's Report on page 8 of this Report.

Likely developments and expected results of operations

The group will continue to pursue its objectives of improving the performance and quality of its children's services during the next financial year.

Significant changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the group.

Events subsequent to the balance date

In the opinion of the Directors there were no significant changes in the state of affairs of the company.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under law of the Commonwealth or of a State or Territory. The Directors are aware of general environmental considerations and believe the company complies with community standards.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the group or any related entity.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2025 has been received and is on page 32.

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



Helen Hamilton-James

President

Dated: 27 October 2025



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Auditor's Independence Declaration

for the year ended 30 June 2025



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www.bdo.com.au

Parkline Place
Level 25, 252 Pitt Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE TO THE RESPONSIBLE ENTITIES OF SDN CHILDREN'S SERVICES

I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of SDN Children's Services for the year ended 30 June 2025.

This declaration is in respect of SDN Children's Services and the entities it controlled during the period.

Elysia Rothwell
Director

A handwritten signature in black ink, appearing to read 'E Rothwell', written in a cursive style.

BDO Audit Pty Ltd

Sydney

27 October 2025

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of A.C.N. 050 110 275 Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and A.C.N. 050 110 275 Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and other comprehensive income for the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Revenue	A1	65,973,150	65,632,974
Employee benefits expenses	A2	(50,785,064)	(50,759,111)
Occupancy expenses	A2	(2,904,973)	(2,859,440)
Administration expenses	A2	(5,386,406)	(5,603,654)
Service delivery expenses	A2	(3,656,725)	(3,096,930)
Depreciation expenses	A2	(3,295,741)	(2,994,528)
(Deficit)/Surplus before income tax expense		(55,759)	319,311
Income tax expense	E5 (v)	—	—
(Deficit)/Surplus for the year		(55,759)	319,311
Other comprehensive income, net of tax			
<i>Will not be reclassified to profit or loss</i>			
Revaluation gain on land and buildings	B1	7,033,267	—
Total comprehensive income for the year		6,977,508	319,311

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

Consolidated Statement of Financial Position

as at 30 June 2025

	Notes	2025 \$	2024 \$
Current assets			
Cash and cash equivalents	C1 (ii)	17,370,285	14,717,154
Trade and other receivables		792,971	547,519
Financial assets		404,194	403,805
Other current assets		1,244,366	957,933
Total current assets		19,811,816	16,626,411
Non-current assets			
Property, plant and equipment	B1	58,431,965	51,318,845
Right-of-use-assets	B1	3,881,045	2,898,520
Other non-current assets	D4	223,212	—
Total non-current assets		62,536,222	54,217,365
Total assets		82,348,038	70,843,776
Current liabilities			
Trade and other payables	C1 (iii)	9,453,589	9,476,251
Provisions	C1 (iv)	8,501,849	6,243,919
Lease liabilities - current	C1 (v)	1,279,065	1,122,142
Borrowings - current	C1 (vii)	607,578	322,767
Total current liabilities		19,842,081	17,165,079
Non-current liabilities			
Other payables	C1 (iii)	678,504	482,603
Provisions	C1 (iv)	399,541	267,405
Lease liabilities - non-current	C1 (vi)	3,037,737	2,238,587
Borrowings - non-current	C1 (vii)	1,836,417	1,113,852
Total non-current liabilities		5,952,199	4,102,447
Total liabilities		25,794,280	21,267,526
Net assets		56,553,758	49,576,250
Equity			
Reserves	D1 (i) (ii)	46,823,464	39,790,387
Retained earnings		9,730,294	9,785,863
Total equity		56,553,758	49,576,250

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2025

	Notes	Retained earnings	Asset revaluation reserve	Fundraising reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2023		9,469,110	39,763,501	24,328	49,256,939
Surplus for the year		319,311	—	—	319,311
Other comprehensive income		—	—	—	—
Total comprehensive income for the year		—	—	—	—
Transfers to and from reserves					
— fundraising reserve	D1 (i)	(2,558)	—	2,558	—
Balance at 30 June 2024		9,785,863	39,763,501	26,886	49,576,250
Deficit for the year		(55,759)	—	—	(55,759)
Other comprehensive income		—	—	—	—
Revaluation gain		—	7,033,267	—	7,033,267
Total comprehensive income for the year		—	7,033,267	—	7,033,267
Transfers to and from reserves					
— fundraising reserve	D1 (i)	190	—	(190)	—
Balance at 30 June 2025	D1	9,730,294	46,796,768	26,696	56,553,758

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers and government (inclusive of GST)		74,238,102	72,532,713
Payments to suppliers and employees (inclusive of GST)		(68,843,949)	(67,455,537)
Interest paid		(360,489)	(276,556)
Net cash from operating activities		5,033,664	4,800,620
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,813,029)	(1,363,173)
Proceeds from sale of property, plant and equipment		—	20,000
Payments for financial assets		(389)	(26,177)
Net cash used in investing activities		(1,813,418)	(1,369,350)
Cash flows from financing activities			
Repayments of lease liabilities		(1,574,491)	(1,444,876)
Proceeds/(repayment) of borrowings		1,007,376	(300,899)
Net cash used in financing activities		(567,115)	(1,745,775)
Net increase in cash held		2,653,131	1,685,495
Cash and cash equivalents at beginning of financial year		14,717,154	13,031,659
Cash and cash equivalents at end of financial year	C1 (ii)	17,370,285	14,717,154

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

A. Where do our funds come from and how are they spent?

A1. What are our sources of revenue?

Our primary sources of revenue are from child care fees, disability services fees and State and Federal Government grants. We also receive donations for children scholarships and other revenue for student placement.

	2025	2024
	\$	\$
Rendering of services – parent fees and child care benefit	49,148,679	49,780,267
Rendering of services – children’s therapies	887,583	1,705,000
Grants and subsidies – Commonwealth government	369,823	352,487
Grants and subsidies – NSW state government	14,297,843	13,034,884
Grants and subsidies – ACT government	85,683	70,814
Donations for scholarships and centre operations	217,177	87,811
Interest income	783,269	347,193
Other revenue	183,093	254,518
Total revenue	65,973,150	65,632,974

As part of its activities, SDN Children’s Services and its controlled entities receive donations from philanthropic foundations, businesses and individuals for our work with our four priority areas:

- ▶ Aboriginal and Torres Strait Islander Early Childhood Scholarships
- ▶ Working with children with disability, including our Access and Inclusion Scholarships and our work at SDN Beranga
- ▶ Working with children and families facing challenges
- ▶ SDN Building Fund

Donations received

Donations recognised in Statement of Profit or Loss and Other Comprehensive Income¹

	2025	2024
	\$	\$
SDN Child and Family Services Pty Limited — early learning fees ¹	217,177	82,711
SDN Children’s Services Incorporated Building Fund — general donations ²	—	5,100
Total donations	217,177	87,811

¹ Revenue from donations that are directed for use in payment of early learning fees.

² Donations disclosed as donations and bequests under revenue, which are general donations not directed towards a specific purpose.

What is the relevant accounting policy?

Revenue recognition

Revenue from the rendering of childcare and disability services is recognised over time as performance obligations are satisfied, which is upon delivery of the service, primarily on a daily or monthly basis. Revenue from childcare benefit is recognised in the period to which the benefit relates.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Grant revenue is recognised at a point in time in the statement of profit or loss and other comprehensive income when the company obtains control of the grant. If conditions are attached to the grant which must be satisfied, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the performance obligation has been delivered to the contributor, otherwise the grant is recognised as revenue at a point in time on receipt.

Donations are recognised as revenue when received unless relating to a specific purpose, and interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. General donations are recognised as revenue when received. Donations of child care fees are recognised as revenue when the care is delivered.

A2. Where has the funding been spent?

We have spent the income we received over the course of this financial year on programs that support the following goals.

	2025	2024
	\$	\$
Provide high quality early childhood education and care services	49,192,437	49,540,020
Support children who face challenges	7,883,452	7,012,937
Strengthen families and communities	8,953,020	8,760,706
Total expenditure	66,028,909	65,313,663

The main categories of expenditure were as follows:

	2025 \$	2024 \$
Superannuation expense	4,878,496	4,575,348
Other employee benefits expense	45,755,506	46,183,763
Other employee benefits expense - WRP (net) (note C (iv))	151,062	—
Employee benefits expense	50,785,064	50,759,111
Rent expenses	41,508	97,663
Repairs and maintenance expenses	2,831,515	2,678,703
Furniture and appliance expenses	31,950	83,074
Occupancy expenses	2,904,973	2,859,440
Operating expenditure	1,861,036	1,895,320
IT and equipment expense	1,070,785	1,363,117
Other expenses	594,656	488,473
Marketing expenses	507,010	610,160
Professional fees	931,156	920,740
Finance costs	421,763	325,844
Administration expenses	5,386,406	5,603,654
Childcare expenses	2,031,340	1,985,163
Consulting expenses	1,375,128	617,259
Training and Program expenses	250,257	494,508
Service delivery expenses	3,656,725	3,096,930
Depreciation – property, plant and equipment	1,733,176	1,635,177
Depreciation – leases	1,562,565	1,359,351
Depreciation expenses	3,295,741	2,994,528
Total expenditure	66,028,909	65,313,663

B. What assets do we have and how do we manage them?

B1. Non-current assets

	2025	2024
	\$	\$
Property, Plant and Equipment		
Land and buildings		
Freehold land — at fair value	40,891,500	34,930,500
Total land	40,891,500	34,930,500
Buildings — at fair value	18,360,387	15,950,465
Less: accumulated depreciation	(2,975,406)	(3,031,123)
Capital works in progress — at cost	108,732	1,098,373
Total freehold and leasehold buildings	15,493,713	14,017,715
Plant and equipment — at cost	8,676,949	8,315,177
Less: accumulated depreciation	(6,811,183)	(6,026,027)
Total plant and equipment	1,865,766	2,289,150
Motor vehicle - at cost	249,096	99,771
Less: accumulated depreciation	(68,110)	(18,291)
Total motor vehicle	180,986	81,480
Total property, plant and equipment	58,431,965	51,318,845
	2025	2024
	\$	\$
Right-of-use Assets		
Right-of-use Assets – Land – at cost	441,804	441,804
Less: accumulated depreciation	(202,720)	(169,433)
	239,084	272,371
Right-of-use Assets – Property – at cost	7,291,376	4,911,193
Less: accumulated depreciation	(3,936,669)	(2,566,685)
	3,354,707	2,344,508
Right-of-use Assets – Office – at cost	222,008	222,008
Less: accumulated depreciation	(197,825)	(130,100)
	24,183	91,908

Right-of-use Assets – Car Park – at cost	124,867	124,867
Less: accumulated depreciation	(58,211)	(48,657)
	66,656	76,210
	2025	2024
Right-of-use Assets	\$	\$
Right-of-use Assets – Vehicle - at cost	230,566	190,350
Less: accumulated depreciation	(196,309)	(161,860)
	34,257	28,490
Right-of-use Assets – Equipment - at cost	426,418	309,699
Less: accumulated depreciation	(264,260)	(224,667)
	162,158	85,032
Total right-of-use Assets	3,881,045	2,898,520
Total non-current assets	62,313,010	54,217,365

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	<i>Property, plant and equipment</i>					
	Land	Buildings	Plant and Equipment	Motor Vehicle	Work in progress	Total
2025	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	34,930,500	12,919,342	2,289,150	81,480	1,098,373	51,318,845
Additions	—	—	—	—	1,813,029	1,813,029
Revaluation	5,961,000	1,072,267	—	—	—	7,033,267
Transfers in/(out)	—	2,291,572	361,773	149,325	(2,802,670)	—
Depreciation expense	—	(898,200)	(785,157)	(49,819)	—	(1,733,176)
Carrying amount at the end of year	40,891,500	15,384,981	1,865,766	180,986	108,732	58,431,965

	<i>Property, plant and equipment</i>					
	Land	Buildings	Plant and Equipment	Motor Vehicle	Work in progress	Total
2024	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	34,930,500	13,406,210	2,736,982	—	517,156	51,590,848
Additions	—	—	—	—	1,363,174	1,363,174
Transfers in/(out)	—	280,914	401,272	99,771	(781,957)	—
Depreciation expense	—	(767,782)	(849,104)	(18,291)	—	(1,635,177)
Carrying amount at the end of year	34,930,500	12,919,342	2,289,150	81,480	1,098,373	51,318,845

Asset revaluations

The freehold land and buildings were last independently valued as at 30 June 2025 by Marsh Pty Ltd. The valuation was based on fair value and an increment of \$7,033,268 was recorded in other comprehensive income in the comparative period.

The Commonwealth Bank of Australia has a registered mortgage over commercial property situated at 3 Linthorpe Street, Newtown NSW as security for SDN's corporate credit card and bank guarantees.

What is the relevant accounting policy?

Non-current assets

Each class of non-current assets is carried at cost or fair value less, where applicable, any accumulated depreciation / amortisation and impairment losses.

Plant and equipment

Plant and equipment are measured on a cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Land and buildings

Freehold land and buildings are initially recorded at cost on acquisition and subsequently shown at fair value through other comprehensive income based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of all freehold land and associated buildings is generally performed every three years.

The land and buildings were last revalued on 30 June 2025 based on independent assessments by Marsh Pty Ltd. The Directors have considered market data available at the reporting date and the year end revaluation resulted in an increase of \$7,033,267.

The revaluation was based on the following assumptions:

- ▶ The group intends to retain the land and buildings for continuous use in the foreseeable future;
- ▶ The operating license for each property is current and transferable;
- ▶ The information provided by the group for the revaluation is accurate and verifiable;
- ▶ The building complies with all relevant statutory requirements in respect of matters such as but not limited to health, building and fire safety regulations (including asbestos and legionnaires disease), rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions;
- ▶ That there are no onerous encumbrances or interests reported on title, which adversely affect the values, marketability and continued utility of the property or business;

The primary method utilised by the independent valuer was the Direct Comparison method based on a rate per licensed place. They analysed sales evidence of similar transacted childcare centres in the vicinity of the properties and determined an appropriate rate per licensed place. The secondary method used by the independent valuer was the Capitalisation of Income approach, which estimates the net market rental income of each property analysed on an income basis per licensed place, then capitalised this figure at an appropriate capitalisation rate (net yield) to arrive at market value.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to a revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. In accordance with AASB 116 *Property, Plant and Equipment*, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other impairments are charged to the statement of profit or loss and other comprehensive income. Leasehold improvements are measured at cost less depreciation and impairment losses.

Fair value estimation

Cash and cash equivalents, trade and other receivables, assets held to maturity, trade and other payables and borrowings are short-term instruments in nature whose carrying value is equivalent to fair value.

Freehold land and buildings carried at fair value are valued using the following primary inputs:

- ▶ Rate per licensed place;
- ▶ Net operating surplus; and
- ▶ Surplus capitalisation rate.

Impairment

The majority of non-current assets comprise land and buildings. The freehold land and buildings were independently valued at 30 June 2025 by Marsh Pty Ltd and the current year Director's adopted valuation were based on fair value. In determining fair value, various assumptions are made. Where these assumptions are subject to change, the resulting fair value would change. The directors have reviewed the assessment of market conditions in the current financial year and have concluded that the carrying value approximates fair value.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated over their useful lives to the group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	4% - 10% straight line
Plant and equipment	20% - 33% straight line

Purchases of plant and equipment using grant funds that are not the property of the group are expensed to profit or loss in line with the terms and conditions of the funding agreement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- ▶ the amount of the initial measurement of lease liability
- ▶ any lease payments made at or before the commencement date less any lease incentives received
- ▶ any initial direct costs, and
- ▶ restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the financial period in which they are incurred.

C. How do we manage our risk and working capital?

C1. Capital Management

Management controls the capital of the group to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The Risk and Audit Committee monitors the financial position in line with this objective. The Risk and Audit Committee operates under policies approved by the Board of Directors.

The group's capital consists of accumulated surpluses.

Management effectively manages the group's capital by assessing the group's financial risks and responding to changes in these risks. These responses may include the consideration of cash investments and debt levels.

There have been no changes to the strategy adopted by management to control the capital of the group since the previous year. The strategy of the group is to maintain a low gearing ratio. The external debt held by the group at 30 June 2025 is \$2,443,995 (2024: \$1,436,619).

(i) Working Capital

	2025	2024
	\$	\$
Current assets	19,811,816	16,626,411
Current liabilities	19,842,081	17,165,079
Net current liabilities	(30,265)	(538,668)

Refer to going concern considerations in note E5(i).

(ii) Cash and cash equivalents

	2025	2024
	\$	\$
Cash at bank and on hand	6,429,231	7,843,742
Short-term bank deposits	10,941,054	6,873,412
	17,370,285	14,717,154

What is the relevant accounting policy?

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term deposits with original maturities of three months or less.

(iii) **Trade and other payables**

	2025	2024
	\$	\$
Current		
Trade payables	642,247	558,957
Sundry payables and accrued expenses	6,072,315	6,649,100
Unearned income – grant revenue	2,220,135	1,633,989
Unearned income – child care fees in advance	518,892	634,205
	9,453,589	9,476,251
	2025	2024
	\$	\$
Non-current		
Sundry payables and accrued expenses	678,504	482,603

Financial liabilities at amortised cost classified as trade and other payables

	2025	2024
	\$	\$
Trade and other payables:		
Total trade and other payables	10,132,093	9,958,854
Less: unearned income	(2,739,027)	(2,268,194)
Financial liabilities as trade and other payables	7,393,066	7,690,660

Funds held on behalf of funding bodies

As part of its activities, the group received funding from government departments in its capacity as project manager which are then distributed to external child care centres around New South Wales. Projects which SDN managed include the Supporting Children with Additional Needs Program (SCAN) program. This program was funded by the NSW Department of Education to provide advice, support and resources to preschools which enrolled children with additional needs. This program ended on November 2014. As at June 2025 \$735,940 (2024: \$735,940) in administration funding was held on behalf of the Department of Education which will be refunded upon request.

What is the relevant accounting policy?

Trade Payables and Funds held on behalf of funding bodies

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Funds for grants undertaken by the group on behalf of funding bodies are recognised on the statement of financial position as unearned income. As the project commences and costs are incurred the unearned income recognised is reduced by the costs are recognised in the statement of profit or loss and other comprehensive income. Where the funds received relate to capital projects, funds are only recognised as revenue when the entity obtains control of the contribution and has no obligation to repay the funds. Until control is obtained the amounts are held as unearned revenue.

(iv) Provisions

	2025	2024
	\$	\$
Current:		
Annual leave	3,507,941	3,083,923
Long service leave	2,500,652	2,178,879
Employee benefits provision from WRP (i)	1,441,715	—
Rostered days off	214,636	176,882
Contract termination	682,904	650,234
Make-good	154,001	154,001
	8,501,849	6,243,919
Non-current:		
Long service leave	193,865	218,052
Make-good	205,676	49,353
	399,541	267,405
	8,901,390	6,511,324

Movement in provisions

	2025	2024
	\$	\$
Make-good		
Balance brought forward	203,354	203,354
Additions	156,323	—
Balance carried forward	359,677	203,354
Contract termination		
Balance brought forward	650,234	655,649
Additions/(Reversals)	32,670	(5,415)
Balance carried forward	682,904	650,234

- (i) In December 2024, the Australian Government launched the Workers Retention Payment (WRP) Program, a financial incentive designed to support the retention of early childhood education and care (ECEC) workers through wage increases and assistance for eligible providers. The WRP has been recognised on a net basis in the financial statements, applying the concepts of an agency relationship as defined in the Australian Accounting Standards where SDN are considered to be a conduit to the funding arrangement with workers.

The initial funding received in respect of the agreed wage increases under the WRP does not fully cover the total cost of these increases for the December 2024 to June 2025 period. SDN has submitted an application for additional funding under the WRP's Funding Review Process. Subject to the outcome of this review, an underpayment liability of \$151,062 has been recognised. While management considers it likely that the funding review will result in a favourable outcome, no corresponding receivable has been recognised at this stage. The potential reimbursement of \$151,062 is therefore considered to be a contingent asset.

Provision for employee entitlements

A provision has been recognised for employee entitlements relating to rostered days off, annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken are based upon historical data.

A provision has also been recognised for employee entitlements relating to contract terminations for employees on fixed term contracts and staff employed in SDN managed centres based on the amount expected to be settled in the event that funding programs and centre leases are not renewed. The liability represents the termination payments to be paid at the anticipated completion of their employment.

The measurement and recognition criteria for employee benefits have been included in critical accounting estimates and judgements below.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The amount of \$426,300 reflects leave that is not expected to be taken within the next 12 months.

Provision for make-good

A provision has been recognised in relation to the make-good of a number of premises currently leased by the group. This amount represents the expected amount to be paid out upon termination of the lease to make-good the premises.

What is the relevant accounting policy?

Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date, taking into account the risks and uncertainties surrounding the obligation.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The liability for contract termination is recognised as a current or non-current liability as there is a legal and constructive obligation at the reporting date. The liability is measured at the amount expected to be paid when the liability is settled and is based on employees' services up to the reporting date.

The group contributes to a number of superannuation funds which exist to provide benefits to employees and their dependants on retirement, disability or death. The group's commitment in respect of the superannuation funds (which are all accumulation funds) is limited to making the specified contributions. The group's contributions to the superannuation funds are expensed in the statement of profit or loss and other comprehensive income as incurred.

Critical accounting estimates and judgments

Provision for long service leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for termination liabilities

The group recognises termination benefits for employees employed to work for specific grant funded programs where on-going employment is contractually dependent on renewal of the funding program. The provision is measured at the present value of the amounts expected to be paid on termination of the program and assumes program funding is not renewed in perpetuity.

(v) Lease liabilities – Current

	2025	2024
	\$	\$
Lease Liabilities – Land	41,817	30,211
Lease Liabilities – Property	580,191	488,389
Lease Liabilities – Office	574,060	546,548
Lease Liabilities – Car Park	12,095	8,777
Lease Liabilities – Equipment	50,891	22,081
Lease Liabilities – Vehicle	20,011	26,136
	1,279,065	1,122,142

(vi) Lease liabilities – Non - Current

	2025	2024
	\$	\$
Lease Liabilities – Land	247,914	289,248
Lease Liabilities – Property	1,618,291	255,398
Lease Liabilities – Office	971,047	1,544,094
Lease Liabilities – Car Park	70,586	82,539
Lease Liabilities – Equipment	115,400	64,881
Lease Liabilities – Vehicle	14,499	2,427
	3,037,737	2,238,587

Future lease payments

Future lease payments are due as follows.

	2025	2024
	\$	\$
Within one year	1,279,065	1,122,142
One to five years	2,117,067	2,049,463
More than five years	920,670	189,124
	4,316,802	3,360,729

What is the relevant accounting policy?

Lease liabilities

Leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the consolidated entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ▶ fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- ▶ variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- ▶ amounts expected to be payable by the consolidated entity under residual value guarantees;
- ▶ the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option; and
- ▶ payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The consolidated entity determines its incremental borrowing rate based on rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(vii) Borrowings

	2025	2024
	\$	\$
Bank loans (current)	607,578	322,767
Bank loans (non-current)	1,836,417	1,113,852
Total borrowings	2,443,995	1,436,619

On 28 June 2022, the Group entered into a loan to finance the purchase of furniture and fit outs for the Greek Street office. The term of the loan is 72 months and the interest rate is 6.95%. In addition, on 4 December 2024, the Group entered into a loan agreement with a bank to finance fit outs for SDN Macquarie Park Centre (new centre). The term of the loan is 60 months and the interest is 6.78%. There are no covenants related to the loans.

What is the relevant accounting policy?

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

D. Appendices

D1. Reserves and retained earnings

(i) Reserves and retained earnings

Fundraising reserve	2025	2024
	\$	\$
Opening balance	26,886	24,328
Transfers to fundraising reserve	(190)	2,558
Closing balance	26,696	26,886

The fundraising reserve reflects accumulated fundraising revenue due to be expended on costs of fundraising, entertainment, functions and children's equipment.

(ii) Asset revaluation reserve

	2025	2024
	\$	\$
Asset revaluation reserve	46,796,768	39,763,501

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in Note B1.

D2. Unrecognised items

Contingent liabilities

SDN Child and Family Services Pty Limited holds the land title of 128 Hartington Street, Rooty Hill. The land is part of the Beranga project. A caveat exists over the property which dictates that SDN Child and Family Services Pty Limited is not able to dispose of the land without the prior consent of the NSW Department of Communities and Justice. On disposal of the asset, the group is required to remit to the Department, an amount of the proceeds equal to the proportion of total funds that they contributed to the project. Only the SDN portion of the property at the valuation date is taken up.

A potential contingent liability exists for rent on childcare premises where leases have expired. Management is unable to reliably estimate the value of this liability at the date of these financial statements.

Bank guarantees

SDN Children's Services has provided performance and rental guarantees amounting to \$564,660 (2024: \$564,660). SDN Child and Family Services Pty Limited has provided performance and rental guarantees amounting to \$57,750 (2024: \$69,575).

D3. Impairment

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

D4. Other non-current assets

(iii)

	2025	2024
	\$	\$
Sinking fund	223,212	—

SDN has an established agreement to allocate a sinking fund over a 10-year-period to support future works, repairs, upgrades and refurbishments of UNSW's centres, as specified in the agreement. This sinking fund is recognised as a financial asset and measured at amortised cost in accordance with relevant accounting standards.

E. Other Information

E1. Key management personnel compensation

Key management personnel (as at 30 June 2025)

Directors

Helen Hamilton-James (*President*)
 Kirsty Albert
 Leanne Boyle (Appointed 28/2/2025)
 Linda Cassidy
 Angela Donohoe
 Glenn Hughes
 Tamara Johnston (Resigned 13/12/2024)
 Dr Darren Mitchell
 Biljana Sankovic (Appointed 28/2/2025)
 Thomas Taylor
 Barbara Wise (Resigned 15/11/2024, still on the CFS Board)

Directors Remuneration

Board members serve on a voluntary basis and do not receive remuneration. They can be reimbursed for a reasonable amount of expenses directly related to Board activities.

Other key management personnel

Kay Turner, Chief Executive Officer
 Tanuja Bissa, Chief Financial Officer (from 20 Jan 2025)
 Dianne Speakman, Head of Communication & Corporate Affairs, Company Secretary
 Zarin Medhora, Head of People & Organisational Development (up to 6 Dec 2024)
 Michelle Phipps, Chief People Officer (from 17 Jan 2025)
 Rodney Nadwie-Smith, Head of Services
 Glynis Chang, Director of Organisational Development
 Adrienne Jerram, Director of Marketing and Customer Experience
 Sumit Chugani, Finance Director
 Joy Edwards, Director People & Performance (Feb 2024 to Aug 2024)
 Bryan Mattes, Director of ESG

	Short-term benefits	Post-employment benefits	Other long term benefits	Termination Benefits	Total
	\$	\$	\$	\$	\$
2025					
Total compensation	1,878,910	192,169	(3,058)	—	2,068,021
2024					
Total compensation	1,787,066	173,521	169,805	—	2,130,392

E2. Controlled entities

Controlled entities

SDN Children's Services is the sole beneficiary of SDN Children's Services Building Fund. This fund is intended to subsidise capital projects for the construction and maintenance of pre-school buildings. The balance of the fund including cash at bank and investments was \$130,134 (2024: \$130,134).

SDN Children's Services also owns 100% of SDN Child and Family Services Pty Limited, a company limited by shares, incorporated and domiciled in Australia. The principal activities of SDN Child and Family Services Pty Limited are the provision of support services for children and families, largely funded through government grants.

E3. Related party transactions

Related party transactions

Disclosures relating to key management personnel are set out in Note E1.

Transactions between related parties are on a cost basis.

All staff are eligible for a discount on childcare fees in SDN Children's Education and Care Centres for their children.

As at 30 June 2025, trade payables in SDN Children's Services included an amount of \$147,295 (2024: \$231,992) payable to its subsidiary, SDN Child and Family Services Pty Limited. The trade receivables balance included an amount receivable of \$290,796 (2024: \$308,086) from SDN Child and Family Services Pty Limited. These balances have been eliminated on consolidation.

In 2016, SDN Children's Services, the parent entity, provided an unsecured at-call loan of \$500,000 to SDN Child and Family Services Pty Limited to assist in the development of the NDIS program. Interest is charged on a monthly basis at a variable interest rate of 8.77% per annum (2024: 8.27%) based on the ATO benchmark interest rate as of financial year 2025. No repayments of capital have been made.

The intercompany loans payables and receivables were eliminated at consolidation.

E4. Parent entity disclosures

Parent entity disclosure

	2025	2024
	\$	\$
Current assets	16,151,461	13,510,413
Total assets	78,222,044	66,839,573
Current liabilities	16,929,501	13,869,228
Total liabilities	22,805,847	17,810,995
Equity	55,513,016	49,028,578
(Deficit)/Surplus for the year	(96,819)	247,712
Other comprehensive income		
Revaluation gain on land and buildings	6,484,438	—
Total comprehensive income for the year	6,387,619	247,712

Parent entity contingencies

The details of all contingencies in respect of SDN Children's Services are disclosed in Note D2.

E5. Summary of significant accounting policies

(i) Basis of preparation

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets. The group is a not-for-profit organisation. As such the term "profit" and "loss" is not applicable and the term "surplus" and "deficit" is used where required. The financial statements are presented in Australian Dollars.

Going Concern Basis

As disclosed in the consolidated financial statements, the group incurred a deficit after tax of \$55,759 for the year ended 30 June 2025. As at 30 June 2025, the Group also had net current liabilities of \$30,265 (2024: \$1,021,271) and incurred net cash inflows for operating activities of \$5,033,664. The Directors remain confident that the group will be able to continue as a going concern with debts able to be paid as and when they fall due, and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report for the following reasons:

- ▶ Cashflow projections demonstrate that there is sufficient working capital to maintain a positive cash balance;
- ▶ The group holds cash reserves at 30 June 2025 of \$17,370,285; and
- ▶ The group holds unencumbered property assets of \$51,363,550 which can be used as security on an operating overdraft facility if required.

(ii) New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the entity for the annual reporting period ended 30 June 2025.

The entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the entity, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

(iii) Principles of consolidation

The consolidated financial statements incorporate the results of entities controlled by SDN Children's Services during the reporting period and the assets and liabilities of entities controlled at the end of the reporting period. A controlled entity is any entity over which SDN Children's Services has the power to govern the financial and operating policies so as to derive benefits from its activities.

There are two controlled entities, being SDN Children's Services Building Fund and SDN Child and Family Services Pty Limited. Refer to Note E2 for further information on these entities. All inter-group balances and transactions, including any unrealised surpluses or deficits, have been eliminated on consolidation.

(iv) Intercompany loans

Where the loan is between a parent and subsidiary the interest income/discount is initially recognised as an increase in investments in the parent and an equity contribution in the subsidiary. Loans between the parent and the subsidiary are excluded on consolidation.

(v) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(vi) Goods and services tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

E6. Other required disclosures**(i) Auditor's remuneration**

	2025	2024
	\$	\$
Remuneration of the auditor of the consolidated group for:		
- audit services	97,000	93,000
- assistance with the preparation of financial statements	17,000	17,000
	114,000	110,000

(ii) Events occurring after reporting date

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

(iii) Information and declaration to be furnished under the *Charitable Fundraising Act 1991*

The fundraising accounts have been prepared on an accruals basis and comply with Applicable Accounting Standards.

	2025	2024
	\$	\$
Statement of fundraising income and expenditure:		
Gross proceeds from fundraising	2,974	6,832
Less: total cost of fundraising	(1,857)	(2,371)
Net surplus from fundraising	1,117	4,462

	2025	2024
	\$	\$
Application of fundraising proceeds:		
Opening balance	26,886	24,328
Net proceeds from fundraising	1,117	4,462
Contributions towards equipment	—	—
Contributions towards childcare fees	—	—
Contributions towards excursions / entertainment	—	—
Contributions towards children's materials	(1,268)	(794)
Contributions towards playground enhancement	—	—
Contributions towards staffing costs	—	—
Contributions towards donation (other)	—	(210)
Contribution towards functions	(39)	(900)
Total fundraising reserve	26,696	26,886

Forms of Fundraising Appeals conducted for the year ended 30 June 2025

For the purpose of reporting under the requirements of the *Charitable Fundraising Act 1991*, the group has detailed the forms of fundraising activities conducted for the year ended 30 June 2025. The fundraising activities and appeals include hosting of functions, raffles, sale of items and donations.

Significant ratios of fundraising activities

Comparison by monetary figures and percentages

Comparisons	2025	2025
	\$	%
Total cost of fundraising/gross proceeds from fundraising	1,857/2,974	62%
Net surplus from fundraising/gross proceeds from fundraising	1,117/2,974	38%
Comparisons	2024	2024
	\$	%
Total cost of fundraising/gross proceeds from fundraising	2,370/6,832	35%
Net surplus from fundraising/gross proceeds from fundraising	4,462/6,832	65%

(iv) Company details

The registered office and the principal place of business is:


SDN Children's Services
Level 3
19-37 Greek Street
Glebe NSW 2037

Declaration by Directors in respect of fundraising appeals

In the opinion of the Board of Directors of SDN Children's Services and its controlled entities:

1. The consolidated statement of profit and loss and other comprehensive income gives a true and fair view of all income and expenditure of SDN Children's Services with respect to fundraising appeals; and
2. The consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
3. The provisions of the Charitable Fundraising Act 1991 (NSW), the regulations under the Act and the conditions attached to the authority have been complied with; and
4. The internal controls exercised by SDN Children's Services are appropriate and effective in accounting for all income received and applied by SDN Children's Services from any of its fundraising appeals.

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



Helen Hamilton-James
President

27 October 2025

Director's Declaration

for the year ended 30 June 2025

In the directors' opinion:

1. the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act and other mandatory professional reporting requirements;
2. the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



.....
Helen Hamilton-James
President

27 October 2025

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the members of SDN Children's Services

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SDN Children's Services (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, and the responsible entities' declaration.

In our opinion the accompanying financial report of SDN Children's Services, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and 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 responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the SDN Children's Services's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Independent Auditor's Report



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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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the Group's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A stylized, handwritten-style signature of the BDO logo, with the letters 'BDO' in a cursive, flowing script.

A handwritten signature in black ink, appearing to read 'E Rothwell'.

Elysia Rothwell
Director

Sydney, 27 October 2025





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