

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Financial Statements

For the Year Ended 30 June 2021

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Contents

For the Year Ended 30 June 2021

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Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|---------------------|--------------|
| Revenue from Ordinary Activities | | | |
| Residential Aged Care & Home Care Packages | | | |
| - Operating income | 4 | 18,422,701 | 18,064,343 |
| - Capital purpose income | 4 | - | 15,000 |
| Investment income | 4 | 954,228 | (86,127) |
| Other income | 4 | 638,378 | 512,416 |
| Total Revenue | | 20,015,307 | 18,505,632 |
| Expenses | | | |
| Employee benefits expense | | (11,672,826) | (10,775,892) |
| Brokered services and programs | | (2,507,092) | (2,249,797) |
| Medical requisites | | (1,427,799) | (997,460) |
| Food services expenses | | (614,201) | (629,083) |
| Environmental and maintenance | | (575,110) | (543,920) |
| Light, fuel, power and water | | (356,348) | (326,740) |
| Administration expenses | | (1,401,936) | (1,201,223) |
| Finance expenses | | (86,684) | (112,954) |
| Depreciation and amortisation expense | | (1,081,768) | (1,008,958) |
| Total Expenses | | (19,723,764) | (17,846,027) |
| Surplus from ordinary activities | | 291,543 | 659,605 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for year | | 291,543 | 659,605 |

The accompanying notes form part of these financial statements.

Multicultural Aged Care Services Geelong Inc

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Statement of Financial Position

As At 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|-------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 4,580,011 | 6,418,589 |
| Trade and other receivables | 6 | 943,862 | 268,530 |
| Other financial assets | 7 | 9,445,134 | 7,382,402 |
| TOTAL CURRENT ASSETS | | <u>14,969,007</u> | <u>14,069,521</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 29,457,617 | 29,699,366 |
| Right-of-use assets | 9 | 794,800 | 76,062 |
| TOTAL NON-CURRENT ASSETS | | <u>30,252,417</u> | <u>29,775,428</u> |
| TOTAL ASSETS | | <u>45,221,424</u> | <u>43,844,949</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 2,475,894 | 1,940,424 |
| Short term provisions | 13 | 1,800,160 | 1,805,289 |
| Lease liabilities | 9 | 141,659 | 27,062 |
| Other financial liabilities | 12 | 22,319,226 | 22,339,021 |
| Borrowings | 11 | 297,657 | 243,450 |
| TOTAL CURRENT LIABILITIES | | <u>27,034,596</u> | <u>26,355,246</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 13 | 468,311 | 431,356 |
| Borrowings | 11 | 2,921,400 | 3,164,850 |
| Lease liabilities | 9 | 660,310 | 48,233 |
| TOTAL NON-CURRENT LIABILITIES | | <u>4,050,021</u> | <u>3,644,439</u> |
| TOTAL LIABILITIES | | <u>31,084,617</u> | <u>29,999,685</u> |
| NET ASSETS | | <u>14,136,807</u> | <u>13,845,264</u> |
| EQUITY | | | |
| Retained earnings | | <u>14,136,807</u> | <u>13,845,264</u> |
| TOTAL EQUITY | | <u>14,136,807</u> | <u>13,845,264</u> |

The accompanying notes form part of these financial statements.

Multicultural Aged Care Services Geelong Inc

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Statement of Changes in Equity For the Year Ended 30 June 2021

| | Retained Earnings | Total |
|--|----------------------|-------------------|
| | \$ | \$ |
| 2021 | | |
| Balance at 1 July 2020 | 13,845,264 | 13,845,264 |
| Surplus from ordinary activities | 291,543 | 291,543 |
| Balance at 30 June 2021 | 14,136,807 | 14,136,807 |
| 2020 | | |
| Balance at 1 July 2019 | 13,187,118 | 13,187,118 |
| Restatement due to adoption of AASB 16 | (1,459) | (1,459) |
| Balance at restated | 13,185,659 | 13,185,659 |
| Surplus from ordinary activities | 659,605 | 659,605 |
| Balance at 30 June 2020 | 13,845,264 | 13,845,264 |

The accompanying notes form part of these financial statements.

Multicultural Aged Care Services Geelong Inc

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Statement of Cash Flows For the Year Ended 30 June 2021

| | 2021 | 2020 |
|---|--------------------|--------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts | | |
| Receipts from government subsidies | 13,903,540 | 12,323,226 |
| Interest received | 291,842 | 115,639 |
| Fees for accommodation and services | 4,001,411 | 6,066,176 |
| Donations and capital grants | 36,726 | 57,424 |
| Other operating income | 508,032 | 737,806 |
| Payments | | |
| Payments to employees | (11,641,000) | (10,586,762) |
| Finance costs | (86,684) | (108,462) |
| Payments to suppliers | (6,400,026) | (5,998,203) |
| Net cash provided by/(used in) operating activities | 20 <u>613,841</u> | <u>2,606,844</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of plant and equipment | - | 15,000 |
| Purchase of property, plant and equipment | (773,311) | (4,552,746) |
| Net purchase of financial assets | (1,411,298) | (549,210) |
| Net cash provided by/(used in) investing activities | <u>(2,184,609)</u> | <u>(5,086,956)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net receipt of RAD's | (19,795) | 4,336,086 |
| Repayment of borrowings | (189,243) | (243,450) |
| Payment of lease liabilities | (58,772) | (30,015) |
| Net cash provided by/(used in) financing activities | <u>(267,810)</u> | <u>4,062,621</u> |
| Net increase/(decrease) in cash and cash equivalents held | (1,838,578) | 1,582,509 |
| Cash and cash equivalents at beginning of year | 6,418,589 | 4,836,080 |
| Cash and cash equivalents at end of financial year | 5 <u>4,580,011</u> | <u>6,418,589</u> |

The accompanying notes form part of these financial statements.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements For the Year Ended 30 June 2021

The financial report covers Multicultural Aged Care Services Geelong Inc as an individual entity. Multicultural Aged Care Services Geelong Inc is a not-for-profit Association limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Multicultural Aged Care Services Geelong Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Association are:

Grants, Donations or Bequests

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations are measured in accordance with AASB 1058.

Where the contract is not enforceable or does not contain sufficiently specific performance obligations, the amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Association considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Services to Residents and Clients

Resident fees are recognised as revenue over time as accommodation is provided. This is calculated on a daily basis and invoiced monthly.

The performance obligation to the clients is met as the service is provided and revenue is recognised upon delivery of the service.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Dividend revenue

Dividend revenue is recognised when the right to receive the dividend has been established.

(b) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(d) Property, plant and equipment

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

Depreciation

Property, plant and equipment is depreciated on either a straight-line or diminishing value basis over the assets useful life to the Association, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|--------------------------|--------------------------|
| Property | 2% Prime Cost |
| Furniture & Fittings | 10%-20% Prime Cost |
| Plant and Equipment | 5%-40% Prime Cost |
| Motor Vehicles | 20% Prime Cost |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - FVTOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments will be measured at fair value through other comprehensive income if the Association makes an irrevocable election at initial recognition to recognise in this category. This election has not been made.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables, bank and other loans and lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(g) Intangibles

Multicultural Aged Care Services Geelong inc. currently holds 103 residential bed licences and 60 supported residential bed licences. The value of these licenses has not been brought to account in the financial statements as Multicultural Aged Care Services Inc believes there is not an active market for these licenses.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. This includes investments in money market instruments with less than 120 days to maturity.

(i) Leases

At inception of a contract, the Association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(j) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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Notes to the Financial Statements For the Year Ended 30 June 2021

4 Revenue

| | 2021 | 2020 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Revenue from operating activities | | |
| Residential care | 9,289,689 | 9,313,184 |
| Accommodation payments and charges | 438,856 | 546,730 |
| Ingoings | 510,195 | 752,231 |
| Home care packages | 7,021,723 | 6,139,754 |
| Rental income | 1,112,373 | 1,195,180 |
| Interest received | 49,865 | 117,264 |
| Total from operating activities | 18,422,701 | 18,064,343 |
| Revenue from non-operating activities | | |
| Capital income | | |
| Net gain/(loss) on disposal of non-current asset | - | 15,000 |
| Total capital income | - | 15,000 |
| Income from investments | | |
| Change in fair value of financial assets | 650,632 | (351,127) |
| Dividends | 236,168 | 205,837 |
| Franking credits | 67,428 | 59,163 |
| Total income from investments | 954,228 | (86,127) |
| Other income | | |
| Cafe sales | 13,863 | 37,890 |
| Donations/ fundraising | 36,726 | 57,424 |
| Resident reimbursements | 17,203 | 11,952 |
| Meals | 4,800 | 2,459 |
| Miscellaneous | 565,786 | 402,691 |
| Total other income | 638,378 | 512,416 |
| Total revenue from ordinary activities | 20,015,307 | 18,505,632 |
| 5 Cash and Cash Equivalents | | |
| Cash at bank | 1,016,947 | 1,909,094 |
| Term deposits and cash held with managed investment portfolio | 3,561,664 | 4,508,095 |
| Cash on hand | 1,400 | 1,400 |
| Total cash and cash equivalents | 4,580,011 | 6,418,589 |
| 6 Trade and Other Receivables | | |
| Resident fees | 54,499 | 45,968 |
| Accrued Income | 86,476 | 25,659 |
| Prepayments | 182,767 | 174,067 |
| Other receivables | 620,120 | 22,836 |
| Total trade and other receivables | 943,862 | 268,530 |

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Notes to the Financial Statements For the Year Ended 30 June 2021

7 Financial Assets

| | 2021 | 2020 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Financial assets held at fair value through profit or loss | | |
| Listed shares | 7,645,134 | 5,882,402 |
| Financial assets held at amortised cost | | |
| Fixed interest securities | <u>1,800,000</u> | 1,500,000 |
| Total financial assets | <u><u>9,445,134</u></u> | <u><u>7,382,402</u></u> |

8 Property, Plant and Equipment

| | | |
|--|--------------------------|--------------------------|
| Freehold land | | |
| At cost | <u>3,944,646</u> | 3,944,646 |
| Buildings | | |
| At cost | 31,710,611 | 31,357,154 |
| Accumulated depreciation | <u>(6,887,751)</u> | (6,171,114) |
| Total buildings | <u>24,822,860</u> | 25,186,040 |
| Furniture, fixtures and fittings | | |
| At cost | 2,582,186 | 2,189,900 |
| Accumulated depreciation | <u>(1,995,500)</u> | (1,733,509) |
| Total furniture, fixtures and fittings | <u>586,686</u> | 456,391 |
| Motor vehicles | | |
| At cost | 190,984 | 190,984 |
| Accumulated depreciation | <u>(115,127)</u> | (78,695) |
| Total motor vehicles | <u>75,857</u> | 112,289 |
| Leasehold Improvements | | |
| At cost | <u>27,568</u> | - |
| Total property, plant and equipment | <u><u>29,457,617</u></u> | <u><u>29,699,366</u></u> |

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Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, Plant and Equipment

(a) Movements in carrying amounts of property, plant and equipment

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

| | Land | Buildings | Furniture, Fixtures and Fittings | Motor Vehicles | Total |
|---------------------------------------|------------------|-------------------|--|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Year ended 30 June 2021 | | | | | |
| Balance at the beginning of year | 3,944,646 | 25,186,042 | 456,389 | 112,289 | 29,699,366 |
| Additions | - | 353,457 | 392,284 | - | 773,309 |
| Depreciation expense | - | (716,639) | (261,987) | (36,432) | (1,015,058) |
| Balance at the end of the year | 3,944,646 | 24,822,860 | 586,686 | 75,857 | 29,457,617 |
| Year ended 30 June 2020 | | | | | |
| Balance at the beginning of year | 250,000 | 25,262,130 | 547,203 | 68,586 | 26,127,919 |
| Additions | 3,694,646 | 569,714 | 215,588 | 72,798 | 4,552,746 |
| Depreciation expense | - | (645,804) | (306,400) | (29,095) | (981,299) |
| Balance at the end of the year | 3,944,646 | 25,186,040 | 456,391 | 112,289 | 29,699,366 |

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Leases

Terms and conditions of leases

The Association leases a building over a five year term. There are no options to extend or terminate contained within the property lease. In the year, the Association surrendered one building lease agreement and entered into a new lease.

Right-of-use assets

| | Buildings \$ | Total \$ |
|--|-----------------|----------------|
| Year ended 30 June 2021 | | |
| Balance at beginning of year | 76,062 | 76,062 |
| Depreciation charge | (66,708) | (66,708) |
| Additions to right-of-use assets | 835,910 | 835,910 |
| Reductions in right-of-use assets due to changes in lease liability and termination of lease | (50,464) | (50,464) |
| Balance at end of year | 794,800 | 794,800 |
| Year ended 30 June 2020 | | |
| Balance at beginning of year | 103,721 | 103,721 |
| Depreciation charge | (27,659) | (27,659) |
| Balance at end of year | 76,062 | 76,062 |

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| | < 1 year \$ | 1 - 5 years \$ | > 5 years \$ | Total undiscounted lease liabilities \$ | Lease liabilities included in this Statement Of Financial Position \$ |
|-------------------|----------------|-------------------|-----------------|--|---|
| 2021 | | | | | |
| Lease liabilities | 177,240 | 773,203 | - | 950,443 | 801,969 |
| 2020 | | | | | |
| Lease liabilities | 30,228 | 52,899 | - | 83,127 | 75,295 |

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements For the Year Ended 30 June 2021

9 Leases

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Association is a lessee are shown below:

| | 2021 | 2020 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Depreciation of right-of-use assets | 66,708 | 27,659 |
| Interest expense on lease liabilities | 13,361 | 4,492 |
| Low value asset lease expense | 7,805 | 18,732 |
| Total AASB 16 related expense | 87,874 | 50,883 |

10 Trade and Other Payables

| | | |
|---------------------------------------|------------------|------------------|
| Trade payables | 617,508 | 504,552 |
| GST payable | (50,703) | (34,130) |
| Accrued expenses | 140,916 | 177,850 |
| Deferred income | 1,768,173 | 1,292,152 |
| Total trade and other payables | 2,475,894 | 1,940,424 |

11 Borrowings

CURRENT

Secured

| | | |
|-----------------------------|----------------|----------------|
| Zero Real Interest Loan (a) | 243,450 | 243,450 |
| Related party loan | 54,207 | - |
| | 297,657 | 243,450 |

NON-CURRENT

Secured

| | | |
|-----------------------------|------------------|------------------|
| Zero Real Interest Loan (a) | 2,921,400 | 3,164,850 |
| | 2,921,400 | 3,164,850 |
| Total borrowings | 3,219,057 | 3,408,300 |

(a) A Zero Real Interest Loan (ZRIL) agreement was entered into with the Commonwealth in 2012 to assist with the construction of 30 Residential Aged Care beds. The facility has a term of 22 years which will expire in 2034. The facility incurs an interest rate based upon the Consumer Price Index and is revised on a quarterly basis.

12 Other Financial Liabilities

| | | |
|---|-------------------|-------------------|
| Refundable accommodation deposits and bonds | 22,319,226 | 22,339,021 |
| Total other financial liabilities | 22,319,226 | 22,339,021 |

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Notes to the Financial Statements For the Year Ended 30 June 2021

13 Provisions

| | 2021 | 2020 |
|----------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| CURRENT | | |
| Long service leave | 809,516 | 904,430 |
| Accrued Wages and Salaries | 289,804 | 251,732 |
| Annual Leave | 700,840 | 649,127 |
| | <u>1,800,160</u> | 1,805,289 |
| NON-CURRENT | | |
| Long service leave | 468,311 | 426,994 |
| Make good | - | 4,362 |
| | <u>468,311</u> | 431,356 |
| Total provisions | <u><u>2,268,471</u></u> | <u><u>2,236,645</u></u> |

14 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Notes to the Financial Statements For the Year Ended 30 June 2021

14 Financial Risk Management

Financial instruments used

The principal categories of financial instrument used by the Association are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables
- Lease liabilities

Summary Table

| | Note | 2021 \$ | 2020 \$ |
|---|------|-------------------|------------|
| Financial assets | | | |
| Held at amortised cost | | | |
| Cash and cash equivalents | 5 | 4,580,011 | 6,418,589 |
| Trade and other receivables | 6 | 943,862 | 268,530 |
| Fixed interest securities | 7 | 1,800,000 | 1,500,000 |
| Fair value through profit or loss (FVTPL) | | | |
| Investments in equity instruments | 7 | 7,645,134 | 5,882,402 |
| Total financial assets | | 14,969,007 | 14,069,521 |
| Financial liabilities | | | |
| Financial liabilities at amortised cost | | | |
| Trade and other payables | 10 | 2,475,894 | 1,940,424 |
| Borrowings | 11 | 3,219,057 | 3,408,300 |
| Lease liabilities | 9 | 801,969 | 75,295 |
| Refundable accommodation deposits and bonds | 12 | 22,319,226 | 22,339,021 |
| Total financial liabilities | | 28,816,146 | 27,763,040 |

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Notes to the Financial Statements For the Year Ended 30 June 2021

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Multicultural Aged Care Services Geelong Inc during the year are as follows:

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 190,996 | 215,467 |
| Post-employment benefits | 18,142 | 22,101 |
| Provision of key management personnel services by separate entity | 42,777 | - |
| Total key management personnel remuneration | 251,915 | 237,568 |

16 Auditors' Remuneration

Remuneration of the auditor Davidsons Assurance Services Pty Ltd, for:

| | | |
|------------------------------------|---------------|---------------|
| Auditing of financial statements | 11,000 | 10,800 |
| Other services | 1,750 | 17,750 |
| Total auditors remuneration | 12,750 | 28,550 |

17 Fair Value Measurement

The Association measures the following financial assets at fair value on a recurring basis:

- Financial assets
 - Listed Shares

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

| | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Notes to the Financial Statements For the Year Ended 30 June 2021

17 Fair Value Measurement

Fair value hierarchy

The table below shows the assigned level for each asset and liability held at fair value by the association:

| | Level 1 | Level 2 | Level 3 | Total |
|--|-----------|---------|---------|-----------|
| | \$ | \$ | \$ | \$ |
| 30 June 2021 | | | | |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Listed Shares | 7,645,132 | - | - | 7,645,132 |
| 30 June 2020 | | | | |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Listed Shares | 5,882,402 | - | - | 5,882,402 |

18 Contingencies

In the opinion of those charged with governance, the Association did not have any contingencies at 30 June 2021 (30 June 2020:None).

19 Related Parties

(a) The Association's main related parties are as follows:

Board Members

T Alberline|
G Costa
G De Stefano
Z McCubbery
G Perry
G Kovacs
D Firth
P Birkett
S Fatouros

Chief Executive Officer

J Leggo

Key management personnel - refer to Note 15.

Other related parties

Multicultural Community Services Geelong Inc

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Notes to the Financial Statements For the Year Ended 30 June 2021

19 Related Parties

(a) The Association's main related parties are as follows:

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

The Board members are not remunerated for their services to Multicultural Aged Care Services Geelong Inc.

The following transactions occurred with related parties:

| | Other \$ | Balance outstanding Owed by the association \$ |
|---|-------------|--|
| Multicultural Community Services Geelong Inc | | |
| Provision of CEO services | 42,777 | 42,777 |
| Purchases on behalf of MSCG | 19,842 | 11,430 |

20 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

| | 2021 \$ | 2020 \$ |
|--|----------------|------------------|
| Profit for the year | 291,543 | 659,605 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation | 1,081,768 | 1,008,958 |
| - net gain/(loss) on disposal of property, plant and equipment | - | (15,000) |
| - fair value movements on investments | (651,434) | 345,543 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | (675,332) | (46,483) |
| - increase/(decrease) in trade and other payables | 535,470 | 460,729 |
| - increase/(decrease) in provisions | 31,826 | 193,492 |
| Cashflows from operations | 613,841 | 2,606,844 |

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Notes to the Financial Statements

For the Year Ended 30 June 2021

21 Events Occurring After the Reporting Date

During the reporting period the Board of Directors of Multicultural Aged Care Services Geelong Inc (MACS) formally approved the merger of MACS with Geelong Ethnic Community Council Inc. (GECC, trading as Diversitat) to form Multicultural Community Services Geelong Inc. (MCSG). MCSG was formed on 10 December 2020 and its Board consists of the Directors of MACS and GECC. The merger process is underwritten by a Service Agreement signed by the Boards of each of the three organisations. MCSG will be established in a planned and staged manner commencing with the appointment of the CEO on 3 May 2021, as noted in the accounts. The employment of current MACS staff and its funding, assets and liabilities will be progressively transferred to MCSG over the course of the 2021/22 financial year. It is intended, and formally agreed by the three Boards, that MACS, and GECC, will move to cease to exist as a formal legal entity over the period of the next two years.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

22 Statutory Information

The registered office and principal place of business of the Association is:

Multicultural Aged Care Services Geelong Inc
100 Weddell Road
NORTH GEELONG VIC 3215

23 COVID-19

COVID continued to have an impact on operations during this financial year by challenging our income earning capacity and increasing our operating expenses. It has been evident that when not in a "lock-down" situation our income earning capacity has been restored quite quickly. However our increase in operating expenses remain relatively constant at approximately \$50,000 per month.

Whilst some extra Government funding has been received which is specifically related to COVID, approximately \$176k this financial year, our COVID operating expenses have impacted the financial result.

Strategies implemented and maintained include:

- Processes to ensure that adequate supplies of PPE are maintained
- Victorian Infection Prevention Services were engaged to provide professional specialised support
- Residents and Staff have been educated, encouraged and supported to receive vaccinations
- Extensive screening and monitoring is in place for visitors into the facility.

The organisation will meet its current capital commitments and other strategic initiatives will continue to be explored should they prove to enhance our service offering. Our liquidity and investment portfolio will continue to be managed conservatively.

Multicultural Aged Care Services Geelong Inc

ABN: 81 567 107 023

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person

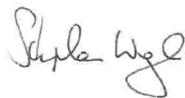
D. Firth

Dated this **31st** day of **August** 2021

MULTICULTURAL AGED CARE SERVICES GEELONG INC.**A.B.N. 81 567 107 023****AUDITORS INDEPENDENCE DECLARATION UNDER 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE MANAGEMENT COMMITTEE OF MULTICULTURAL AGED CARE SERVICES GEELONG INC.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

- I. No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- II. No contraventions of any applicable code of professional conduct in relation to the audit.



Stephen Wight
Director

Dated this 10th day of September, 2021

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Newtown, Geelong, 3220

/ GEELONG

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/ DIRECTORS

Stephen Wight CA
Stephen Kirtley CA

Davidsons Assurance Services Pty Ltd
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MULTICULTURAL AGED CARE SERVICES GEELONG INC**

Opinion

We have audited the financial report of Multicultural Aged Care Services Geelong Inc (the association), which comprises the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2021 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*.

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 association in accordance with the ACNC Act, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the association's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

/ GEELONG

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/ DIRECTORS

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Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the ACNC Act 2012, and for such internal control as management determines 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, management is responsible for assessing the association'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 management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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 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 the 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 at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Stephen Wight
Director

Dated this 10th day of September, 2021

Davidsons Assurance Services Pty Ltd
101 West Fyans Street
Geelong, Victoria 3220