Geelong Ethnic Communities Council Inc

ABN: ABN: 29 252 806 279

Financial Statements

For the Year Ended 30 June 2022

Geelong Ethnic Communities Council Inc

ABN: 29 252 806 279

Contents

For the Year Ended 30 June 2022

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Government grants		**9,039,816**	12,472,915
Dividend income		**1,832**	2,989
Other grants		**147,666**	331,128
Interest		**49**	91
Client services income		**2,110,436**	2,294,541
Other income	4	**480,085**	382,086
Total Revenue		**11,779,884**	15,483,750
Expenses			
Employee benefits expense		**(9,396,499)**	(11,303,568)
Depreciation & amortisation		**(679,070)**	(733,636)
Operating expenses		**(4,786,754)**	(3,288,017)
Total Expenses		**(14,862,323)**	(15,325,221)
Gain on revaluation of non-current assets held for sale		**639,190**	-
Surplus/(Loss) for the year		**(2,443,249)**	158,529
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(2,443,249)**	158,529

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**166,363**	772,670
Trade and other receivables	6	**745,456**	657,146
Other assets	7	**-**	2,600
Financial assets	9	**24,107**	24,107
Non-current assets held for sale	8	**1,000,000**	-
TOTAL CURRENT ASSETS		**1,935,926**	1,456,523
NON-CURRENT ASSETS			
Property, plant and equipment	10	**9,009,506**	12,291,338
Intangible assets	11	**45,987**	55,477
Right-of-use assets	12	**256,688**	381,145
TOTAL NON-CURRENT ASSETS		**9,312,181**	12,727,960
TOTAL ASSETS		**11,248,107**	14,184,483
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**563,977**	950,773
Borrowings	14	**173,952**	321,251
Provisions	16	**1,155,567**	1,619,904
Lease liabilities	12	**110,464**	136,178
Other financial liabilities	15	**1,238,298**	1,285,694
TOTAL CURRENT LIABILITIES		**3,242,258**	4,313,800
NON-CURRENT LIABILITIES			
Borrowings	14	**2,760,947**	2,086,190
Provisions	16	**263,591**	228,995
Lease liabilities	12	**183,691**	314,629
TOTAL NON-CURRENT LIABILITIES		**3,208,229**	2,629,814
TOTAL LIABILITIES		**6,450,487**	6,943,614
NET ASSETS		**4,797,620**	7,240,869
EQUITY			
Retained earnings		**4,797,620**	7,240,869
TOTAL EQUITY		**4,797,620**	7,240,869

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2022

	Retained Earnings $	Total $
2022		
Balance at 1 July 2021	**7,240,869**	**7,240,869**
Comprehensive Income for the year	**(2,443,249)**	**(2,443,249)**
Balance at 30 June 2022	**4,797,620**	**4,797,620**
2021		
Balance at 1 July 2020	7,082,340	7,082,340
Comprehensive Income for the year	158,529	158,529
Balance at 30 June 2021	7,240,869	7,240,869

Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating grants received		**12,578,396**	17,097,919
Payments to suppliers and employees		**(16,010,666)**	(14,462,830)
Interest paid		**(121,365)**	(29,755)
Net cash provided by/(used in) operating activities		**(3,553,635)**	2,605,334
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**2,764,199**	6,000
Payment for intangible asset		**(10,000)**	-
Purchase of property, plant and equipment		**(215,727)**	(363,043)
Net cash provided by/(used in) investing activities		**2,538,472**	(357,043)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**1,539,402**	-
Repayment of borrowings		**(1,011,944)**	(1,669,937)
Repayment of lease liabilities		**(118,602)**	(159,943)
Net cash provided by/(used in) financing activities		**408,856**	(1,829,880)
Net increase/(decrease) in cash and cash equivalents held		**(606,307)**	418,411
Cash and cash equivalents at beginning of year		**772,670**	354,259
Cash and cash equivalents at end of financial year	5	**166,363**	772,670

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial report covers Geelong Ethnic Communities Council Inc as an individual entity. Geelong Ethnic Communities Council Inc is a not-for-profit Association, registered and domiciled in Australia.

The principal activities of the Association for the year ended 30 June 2022 were community services to the multicultural community with a focus in Greater Geelong region. Activities include settlement services, with migration advice and humanitarian support programs, community development services, employment and family support services, financial counselling and aged care activity support services. Additional activities undertaken include the maintenance services under the trading name My Maintenance Crew, training for adult education and through the registered training organisation under the trading name Diversitat Training, the community broadcast under the trading name The Pulse 94.7 and the Pako Festa event

The functional and presentation currency of Geelong Ethnic Communities Council 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 - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012.*

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, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

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.

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.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

2 Summary of Significant Accounting Policies

(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.

(d) Inventories

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

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(e) 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, excluding freehold land, is depreciated on a straight-line basis over the asset's 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
Buildings	2.5%
Furniture, Fixtures and Fittings	20%
Motor Vehicles	16.6%
Computer Equipment	25%
Leasehold Improvements	2.5%

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.

2 Summary of Significant Accounting Policies

(f) 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 profit or loss - FVTPL

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

Amortised cost

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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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 significantly 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.

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.

2 Summary of Significant Accounting Policies

(f) Financial instruments

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.

(g) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangible assets

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) 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.

2 Summary of Significant Accounting Policies

(j) Leases

At inception of a contract, the Association assesses whether a lease exists.

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

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.

(k) Employee benefits

Provision is made for the Association's liability for employee benefits, those 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.

2 Summary of Significant Accounting Policies

(l) Going concern

Notwithstanding the Association's deficiency in working capital (current assets less current liabilities), the financial report has been prepared on the going concern basis. This basis has been adopted as the Association is currently undergoing a merger with Multicultural Aged Care Services Geelong Inc into a new entity, Multicultural Community Services Geelong Inc.As part of this, the business and net assets will transferred into the new entity. In the mean time, the Association will be supported by Multicultural Aged Care Services Geelong Inc and Multicultural Community Services Geelong Inc.

3 Critical Accounting Estimates and Judgements

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.

Key estimates - lease options

The lease term is defined as the non-cancelable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

4 Other Income

	2022 $	2021 $
Commercial rent	**248,055**	324,235
Donations	**6,198**	8,703
Diversitat/vehicle contribution	**9,530**	14,340
Profit on sale of property	**205,381**	6,000
Other income	**10,921**	28,808
Total other income	**480,085**	382,086

5 Cash and Cash Equivalents

	2022	2021
Cash on hand	**2,100**	7,488
Cash at bank	**164,263**	765,182
Total cash and cash equivalents	**166,363**	772,670

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Trade and Other Receivables

	2022	2021
	$	$
Trade receivables	**388,425**	365,338
Accrued Income	**357,031**	291,808
Total trade and other receivables	**745,456**	657,146

7 Other Assets

Inventories	**-**	2,600
Total inventories	**-**	2,600

8 Assets and liabilities held for sale

Property, plant and equipment	**1,000,000**	-
Total non-current assets held for sale	**1,000,000**	-

The Property at 36 Arunga Avenue, Norlane, Victoria and 38 Arunga Avenue, Norlane Victoria, were placed on the market for sale. The two properties each sold at auction in June 2022 with settlement for both properties in September 2022. The disposal of these assets will be reported at settlement in Financial Year ending 30 June 2023.

As at the reporting date, settlement had not occured but the purchaser is expecting to be able to settle early October 2022.

9 Other Financial Assets

Other financial assets	**24,107**	24,107
Total other financial assets	**24,107**	24,107

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Property, plant and equipment

	2022 $	2021 $
LAND AND BUILDINGS		
Freehold land		
At cost	**1,200,000**	2,343,000
Total Land	**1,200,000**	2,343,000
Buildings		
At cost	**7,623,684**	9,509,843
Accumulated depreciation	**(1,509,930)**	(1,472,847)
Total buildings	**6,113,754**	8,036,996
Total land and buildings	**7,313,754**	10,379,996
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	**1,010,031**	1,262,339
Accumulated depreciation	**(750,812)**	(861,979)
Total motor vehicles	**259,219**	400,360
Plant & equipment		
At cost	**2,495,766**	2,354,373
Accumulated depreciation	**(1,973,809)**	(1,765,689)
Total office equipment	**521,957**	588,684
Leasehold Improvements		
At cost	**1,260,037**	1,236,406
Accumulated amortisation	**(345,461)**	(314,108)
Total leasehold improvements	**914,576**	922,298
Total plant and equipment	**1,695,752**	1,911,342
Total property, plant and equipment	**9,009,506**	12,291,338

10 Property, plant and equipment

(a) 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:

	Land	Buildings	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$
Year ended 30 June 2022						
Balance at the beginning of year	2,343,000	8,036,996	400,358	588,684	922,298	12,291,336
Additions	-	3,810	37,620	150,666	23,631	215,727
Disposals	(935,000)	(1,555,226)	(66,919)	(6,429)	-	(2,563,574)
Transfers	(208,000)	(152,810)	-	-	-	(360,810)
Depreciation expense	-	(219,016)	(111,840)	(210,964)	(31,353)	(573,173)
Balance at the end of the year	1,200,000	6,113,754	259,219	521,957	914,576	9,009,506

11 Intangible Assets

	2022	2021
	$	$
Software		
At cost	118,655	108,655
Accumulated amortisation and impairment	(72,668)	(53,178)
Total Intangible assets	45,987	55,477

(a) Movements in carrying amounts of intangible assets

	Intangible assets	Total
	$	$
Year ended 30 June 2022		
Balance at the beginning of the year	55,477	55,477
Additions	10,000	10,000
Amortisation	(19,490)	(19,490)
Closing value at 30 June 2022	45,987	45,987

Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Leases

Association as a lessee

The Association has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment.

Terms and conditions of leases

The Association's lease portfolio relates to buildings only. Building lease terms range from 2 to 12 years. Options to extend or terminate are contained in the property leases of the Association. These clauses provide the Association opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Association. The extension or termination options which were probable to be exercised have been included in the calculation of the lease liability and right of use asset.

Right-of-use assets

	Buildings	Total
	$	$
Year ended 30 June 2022		
Balance at beginning of year	**668,977**	**668,977**
Depreciation charge	**(412,289)**	**(412,289)**
Balance at end of year	**256,688**	**256,688**

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
	$	$	$	$	$
2022					
Lease liabilities	**160,166**	**144,434**	**-**	**304,600**	**294,155**
2021					
Lease liabilities	161,820	127,046	-	288,866	450,807

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 2022

13 Trade and Other Payables

	2022	2021
	$	$
Trade payables	**154,336**	224,382
Accrued employee benefits	**-**	97,757
Other payables	**409,641**	628,634
Total trade and other payables	**563,977**	950,773

14 Borrowings

	2022	2021
CURRENT		
Secured liabilities:		
Bank loans	**160,800**	222,756
Hire purchases	**13,152**	98,495
Total current borrowings	**173,952**	321,251
NON-CURRENT		
Unsecured liabilities:		
Related entity loans	**1,539,402**	-
	1,539,402	-
Secured liabilities:		
Bank loans	**1,221,545**	2,072,302
Hire purchases	**-**	13,888
Total non-current borrowings	**2,760,947**	2,086,190
Total borrowings	**2,934,899**	2,407,441

Bank loans are secured over the properties to which they relate.
Hire purchase contracts are secured over the motor vehicle and equipment which they finance.

During the current and prior year, there were no defaults or breaches on any of the loans.

15 Other Financial Liabilities

	2022	2021
Deferred income	**1,238,298**	1,285,694
Total other financial liabilities	**1,238,298**	1,285,694

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Employee Benefits

	2022 $	2021 $
CURRENT		
Long service leave	**418,178**	581,372
Annual Leave	**737,389**	1,038,532
Total current employee benefits	**1,155,567**	1,619,904
NON-CURRENT		
Long service leave	**263,591**	228,995
Total non-current employee benefits	**263,591**	228,995

17 Financial Risk Management

Financial assets		
Held at amortised cost		
Cash and cash equivalents	**166,363**	772,670
Trade and other receivables	**745,456**	657,146
Total financial assets	**911,819**	1,429,816
Financial liabilities		
Financial liabilities at amortised cost	**3,498,876**	3,358,214
Total financial liabilities	**3,498,876**	3,358,214

18 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Association is $ 858,845 (2021: $ 264,629).

19 Auditors' Remuneration

Remuneration of the auditor Davidsons Assurance Services Pty Ltd, for:		
- auditing the financial statements	**18,000**	18,250
- other services	**2,300**	-
Total	**20,300**	18,250

20 Contingencies

In the opinion of those charged with governance, the Association did not have any contingencies at 30 June 2022 (30 June 2021:None).

21 Related Parties

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

Key management personnel - refer to Note 18.

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

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Other $	Balance outstanding Owed by the association $
Multicultural Community Services Geelong Inc		
Purchases on behlaf of MCSG	631,089	-
Provision of CEO and other payroll services by MCSG	983,799	-
Balances owing to MCSG	-	1,464,402

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 03 October 2022 by those charged with governance.

During the previous 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. The employment of current GECC staff and its funding, assets and liabilities will be progressively transferred to MCSG over the course of the 2021/22 and 2022/23 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 same period.

Except for the above, 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 Association, the results of those operations or the state of affairs of the Association in future financial years.

23 Statutory Information

The registered office and principal place of business of the company is:
Geelong Ethnic Communities Council Inc
153 Pakington Street
GEELONG WEST VIC 3218

24 COVID-19

During the reporting period Diversitat continued to operate with the COVID-19 pandemic and the corresponding government restrictions. This has impacted the service delivery with lockdowns restricting public from our buildings, however the impact of this has improved from prior year. At least 90% of staff were able to work from home during lockdowns and we continue to offer flexibility with working from home arrangements.

Operating in this environment had a significantly negative effect on income. However, we acknowledge the significant support of Federal and State Government during this period.

The financial challenges from the pandemic have continued and will impact for some time to come.

Geelong Ethnic Communities Council Inc

ABN: 29 252 806 279

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 .... Responsible person ....

Dated 6th day of October 2022

Davidsons

/ EST.1905

AUDITORS INDEPENDENCE DECLARATION

UNDER 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE MEMBERS OF GEELONG ETHNIC COMMUNITIES COUNCIL INC.

As auditor for Geelong Ethnic Communities Council Inc for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Geelong Ethnic Communities Council Inc.

Stephen Wight

Stephen Wight
Director

Dates this 10th day of October, 2022

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GEELONG ETHNIC COMMUNITIES COUNCIL INC

Opinion
We have audited the financial report of Geelong Ethnic Communities Council Inc (the Association), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the financial report of Geelong Ethnic Communities Council Inc has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), including:

(a) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards – Simplified Disclosure Standard and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

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

We confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the directors of the Association, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Going concern

We draw attention to Note 2(l) to the financial report, which describes the events and conditions which give rise to the existence of a material uncertainty that may cast doubt about the Association's ability to continue as a going concern and therefore the Association may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter

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, 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 October, 2022

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