

Multicultural Community Services Geelong Inc

ABN: 71 355 229 834

Financial Statements

For the Year Ended 30 June 2023

Multicultural Community Services Geelong Inc

ABN: 71 355 229 834

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For the Year Ended 30 June 2023

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Multicultural Community Services Geelong Inc

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
Revenue	11,281,165	2,004,499
Other income	668,709	-
Related party income	171,176	-
Total income	12,121,050	2,004,499
Employee benefits expense	(1,210,701)	(2,004,499)
Related party expenses	(8,228,436)	-
Client fees	(2,506,023)	-
Motor vehicle expenses	(143,844)	-
Rates and taxes	(477,093)	-
Other expenses	(1,690,333)	-
Total expenses	(14,256,430)	(2,004,499)
Surplus/(deficit) for the period	(2,135,380)	-
Other comprehensive income		
Total comprehensive income for the period	(2,135,380)	-

The accompanying notes form part of these financial statements.

Multicultural Community Services Geelong Inc

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Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	149,455	119,005
Trade and other receivables	5	1,897,485	31,965
Loans and advances		-	810,619
TOTAL CURRENT ASSETS		2,046,940	961,589
TOTAL ASSETS		2,046,940	961,589
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	1,145,283	93,714
Borrowings	7	938,088	30,000
Employee benefits	8	590,961	455,252
Other financial liabilities		1,054,933	75,000
TOTAL CURRENT LIABILITIES		3,729,265	653,966
NON-CURRENT LIABILITIES			
Borrowings	7	400,000	270,000
Employee benefits	8	53,055	37,623
TOTAL NON-CURRENT LIABILITIES		453,055	307,623
TOTAL LIABILITIES		4,182,320	961,589
NET ASSETS		(2,135,380)	-
EQUITY			
Retained earnings		(2,135,380)	-
TOTAL EQUITY		(2,135,380)	-

The accompanying notes form part of these financial statements.

Multicultural Community Services Geelong Inc

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Statement of Changes in Equity

For the Year Ended 30 June 2023

	Retained Earnings	Total
	\$	\$
2023		
Balance at 1 July 2022	-	-
Surplus/(deficit) for the period	<u>(2,135,380)</u>	<u>(2,135,380)</u>
Balance at 30 June 2023	<u><u>(2,135,380)</u></u>	<u><u>(2,135,380)</u></u>
2022		
Balance at 1 July 2021	-	-
Surplus/(deficit) for the period	<u>-</u>	<u>-</u>
Balance at 30 June 2022	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

Multicultural Community Services Geelong Inc

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Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants and related entities	13,320,182	2,287,449
Payments to employees	<u>(15,823,291)</u>	<u>(1,657,825)</u>
Net cash provided by/(used in) operating activities	<u>(2,503,109)</u>	629,624
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net receipt of other borrowings	150,000	300,000
Net payment of related entity borrowings	<u>2,383,559</u>	<u>(810,619)</u>
Net cash provided by/(used in) financing activities	<u>2,533,559</u>	<u>(510,619)</u>
Net increase/(decrease) in cash and cash equivalents held	30,450	119,005
Cash and cash equivalents at beginning of year	<u>119,005</u>	-
Cash and cash equivalents at end of financial year	4 <u><u>149,455</u></u>	<u>119,005</u>

The accompanying notes form part of these financial statements.

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2023

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

The principal activities of the Association for the year ended 30 June 2023 were the provision of management services to Multicultural Aged Care Services Geelong Inc and Geelong Ethnic Communities Council Inc. The Association is currently undergoing a merger with the aforementioned entities.

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

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

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.

During the year, grant income that was received under grants where Geelong Ethnic Communities Council Inc was the named recipient were accounted for in Multicultural Community Services Geelong Inc due to the ongoing merger process. This is a departure from accounting standards.

(b) Income Tax

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

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(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) 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

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.

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

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Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(d) 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.

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.

(e) 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.

(f) 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.

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Going concern

Notwithstanding the Association's deficiency in net assets, the financial report has been prepared on the going concern basis. This basis has been adopted as the Association is the entity into which Multicultural Aged Care Services Geelong Inc and Geelong Ethnic Communities Council Inc are continuing to merge into. As part of this, the business and net assets will be transferred over a number of financial years into the Association. In the meantime, the Association will be supported by Multicultural Aged Care Services Geelong Inc as required.

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 - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	149,455	119,005
Total cash and cash equivalents	149,455	119,005

5 Trade and Other Receivables

Trade receivables	901,072	-
Prepayments	769,689	-
Deposits	186,579	-
GST receivable	40,145	28,028
Other receivables	-	3,937
Total trade and other receivables	1,897,485	31,965

6 Trade and Other Payables

Trade payables	896,795	-
Employee accruals	77,061	93,714
Sundry payables and accrued expenses	162,359	-
Other payables	9,068	-
Total trade and other payables	1,145,283	93,714

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Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Borrowings

	2023	2022
	\$	\$
CURRENT		
Unsecured liabilities:		
Loans from group companies	888,088	-
Secured liabilities:		
Other loans	50,000	30,000
Total current borrowings	938,088	30,000
NON-CURRENT		
Secured liabilities:		
Other loans	400,000	270,000
Total non-current borrowings	400,000	270,000

8 Employee Benefits

Current liabilities		
Long service leave	251,920	223,370
Annual leave	339,041	231,882
Total current employee benefits	590,961	455,252
Non-current liabilities		
Long service leave	53,055	37,623
Total non-current employee benefits	53,055	37,623

9 Financial Risk Management

Financial assets

Held at amortised cost		
Cash and cash equivalents	149,455	119,005
Trade and other receivables	1,897,485	842,584
Total financial assets	2,046,940	961,589

Financial liabilities

Financial liabilities measured at amortised cost	2,483,371	393,714
Total financial liabilities	2,483,371	393,714

10 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Association is \$ 1,433,760(2022: \$nil).

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2023

11 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor Davidsons Assurance services Pty Ltd:		
- auditing the financial statements	38,500	6,000
- other services	6,000	1,750
Total	44,500	7,750

The auditing services includes the auditing of all related entities, namely Geelong Ethnic Communities Council Inc, and Multicultural Aged Care Services Geelong Inc.

12 Contingencies

In the opinion of those charged with governance, the Association did not have any contingencies at 30 June 2023.

13 Related Parties

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

Key management personnel - refer to Note 10.

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:

During the year, operational costs were incurred by Multicultural Community Services Geelong Inc on the behalf of Geelong Ethnic Communities Council Inc and Multicultural Aged Care Services Inc, and have been transferred through the loan account. These have not been quantified within the financial statements.

	Other	Balance outstanding Owed by the association
	\$	\$
Multicultural Aged Care Services Geelong Inc & Geelong Ethnic Communities Council Inc		
Payment for payroll services provided by Geelong Ethnic Communities Council Inc	8,173,045	-
Balances due to these entities	-	888,088

14 Events after the end of the Reporting Period

The financial report was authorised for issue on _____ by those charged with governance.

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2023

14 Events after the end of the Reporting Period

In the 2021 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 - 2023/24 financial years. 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 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.

15 Statutory Information

The registered office and principal place of business of the company is:
Multicultural Community Services Geelong Inc
100 Weddell Road
North Geelong VIC 3215

Multicultural Community Services Geelong Inc


ABN: 71 355 229 834

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 

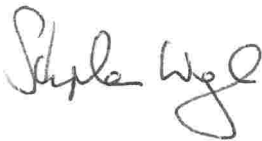
Dated **26 September 2023**

**AUDITORS INDEPENDENCE DECLARATION
UNDER 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE MEMBERS OF MULTICULTURAL COMMUNITY SERVICES GEELONG INC**

As auditor for Multicultural Community Services Geelong Inc for the year ended 30 June 2023, 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 Multicultural Community Services Geelong Inc.



Stephen Wight
Director

Dated this 27th day of September, 2023

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INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF MULTICULTURAL COMMUNITY SERVICES GEELONG INC****Opinion**

We have audited the financial report of Multicultural Community Services Geelong Inc (the Association), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, 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 Multicultural Community Services Geelong 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 2023 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 – Deviation from accounting standards

We draw attention to Note 2(a) to the financial report, which describes the deviation from accounting standards in relation to grant income where Geelong Ethnic Communities Council Inc was the named recipient, but the income was accounted for in Multicultural Community Services Geelong Inc due to the ongoing merger process. This is considered a departure from accounting standards, but represents the substance over form of the merging entities.

Our opinion is not modified in respect of this matter.

/ GEELONG

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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, 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 27th day of September, 2023

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