

Multicultural Aged Care Services Geelong Inc
ABN 81 567 107 023

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2024

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Multicultural Aged Care Services Geelong Inc

ABN 81 567 107 023

Directors' Report

For the Year Ended 30 June 2024

The directors present their report together with the General Purpose Financial Report (Simplified Disclosure Requirements) of Multicultural Aged Care Services Geelong Inc ("the Association") for the financial year ended 30 June 2024 and the auditor's report thereon.

1 General information

Principal activities and significant changes in nature of activities

The principal activities of the Association for the year ended 30 June 2024 were aged care activity support services to the multicultural community with a focus in the Greater Geelong region.

In the reporting period, the association ceased supported resident services, as these services were transferred through the below mentioned merger to Multicultural Community Services Geelong Inc. There were no other significant changes in the nature of the Association's principal activities during the financial year.

2 Business review

a) Operating results

The operating surplus of the Association for the financial year amounted to \$172,759 (2023: operating surplus \$291,200).

b) Review of operations

A review of the operations of the Association during the financial year and the results of those operations show that during the year, the Association continued to engage in its principal activities, the results of which are disclosed in the financial statements.

3 Other matters

a) Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 36 of the financial report.

b) Post balance sheet events

No matters or circumstances have arisen since the end of the financial year which significantly affect 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.

c) Future developments

The Association expects to continue its principal operations until finalisation of the merger with Geelong Ethnic Communities Council Inc (GECC) to form the association Multicultural Community Services Geelong Inc (MCSG). Further information about likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

Multicultural Aged Care Services Geelong Inc

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Directors' Report

For the Year Ended 30 June 2024

4 Corporate Structure

Multicultural Aged Care Services Geelong Inc is a not-for-profit Association limited by guarantee that is incorporated and domiciled in Australia.

5 Board of directors

The following individuals were directors of the Association during the full financial year and up to the date of the approval of these financial statements unless otherwise stated below:

Name	Position	Current year appointments/resignations
Gillian Costa	Director	
Deanne Firth	Director	
Spiro Fatouros	Director	
Gerald De Stefano	Director	
Gael Perry	Director	Resigned on 24 October 2023
Tess Aberline	Director	
Jayaraman (Rajan) Thiagarajan	Director	Appointed on 24 October 2023

6 Directors' Benefits

During or since the end of the financial year, no director of the Association has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements, by reason of a contract entered into by the Association or a body corporate that was related to the Association when the contract was made.

7 Members' guarantee

The Association is limited by guarantee. If the Association is wound up, the Constitution states that members are not required to contribute towards any outstanding obligations of the Association. At 30 June 2024, the number of members was 6 (2023: 7).

8 Indemnity of Officers or Auditors

a) Indemnities

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an employee or auditor of the Association.

b) Insurance premiums paid for directors

The Association has premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Association, other than conduct involving a wilful breach of duty in relation to the Association. The amount of the premium is \$11,211 (2023: \$11,099), inclusive of GST was paid by a related entity.

Multicultural Aged Care Services Geelong Inc

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Directors' Report

For the Year Ended 30 June 2024

9 Environmental regulation

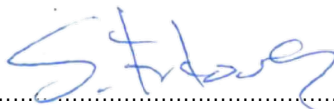
The Association's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the directors believe that the Association has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Association.

10 Legal Proceedings Involving the Association

No person has applied for leave of Court to bring proceedings on behalf of the Association or to intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings.

The Association was not a party to any such proceedings during the year.

This report is made out in accordance with a resolution of directors:

Director: 

Director: 

Dated this8th..... day of October 2024

Multicultural Aged Care Services Geelong Inc

ABN 81 567 107 023

Directors' Declaration

For the Year Ended 30 June 2024

Directors' Declaration

The directors of the Association declare that:

1. The Association is not publicly accountable;
2. The financial statements and notes, as set out on pages 7 to 35, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - a) complying with *Australian Accounting Standards – Simplified Disclosure and Division 60 of the Australian Charity and Not -for-profits Commission Regulation 2022*; and
 - b) give a true and fair view of the financial position of the Association as at 30 June 2024 and its performance for the year ended on that date.
3. In the directors' opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director.....

Director.....

Dated 8th October 2024

Multicultural Aged Care Services Geelong Inc

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue			
Operating income		23,869,991	20,605,728
Investment income		383,272	366,515
Other income		41,128	599,078
Total revenue	4	24,294,391	21,571,321
Expenses			
Employee Benefits Expense	5	(13,640,572)	(13,264,631)
Brokered services and programs		(4,340,305)	(2,447,474)
Medical requisites		(259,295)	(1,031,729)
Food services expenses		(444,439)	(626,396)
Environmental and maintenance		(245,307)	(450,737)
Light, fuel, power and water		(223,957)	(230,472)
Administration expenses		(3,670,183)	(1,814,602)
Finance expenses		(191,785)	(265,740)
Imputed RAD and Bond balances	10	-	-
Depreciation and amortization expense		(1,105,789)	(1,148,340)
Total expenses		(24,121,632)	(21,280,121)
Surplus from ordinary activities		172,759	291,200
Other Comprehensive Income		-	-
Total comprehensive income for the year		172,759	291,200

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Multicultural Aged Care Services Geelong Inc

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Statement of Financial Position

As at 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	3,725,800	2,076,834
Trade and other receivables	7	3,583,110	3,311,329
Other financial assets	8	4,120,483	2,473,662
Total current assets		11,429,393	7,861,825
Non-current assets			
Property, plant and equipment	9	31,404,502	30,038,238
Right-of-use assets	10	168,176	613,945
Total non-current assets		31,572,678	30,652,183
TOTAL ASSETS		43,002,071	38,514,008
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,353,506	1,764,097
Borrowings	12	65,666	243,450
Lease liabilities	10	43,676	198,133
Other financial liabilities	13	22,874,158	17,686,207
Provisions	14	1,898,864	1,653,354
Total current liabilities		26,235,870	21,545,241
Non-Current Liabilities			
Lease Liabilities	10	134,667	465,704
Borrowings	12	2,626,659	2,434,500
Provisions	14	224,567	461,014
Total non-current liabilities		2,985,893	3,361,218
TOTAL LIABILITIES		29,221,763	24,906,459
NET ASSETS		13,780,308	13,607,549
EQUITY			
Accumulated Surplus		13,780,308	13,607,549
TOTAL EQUITY		13,780,308	13,607,549

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Multicultural Aged Care Services Geelong Inc

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Statement of Changes in Equity For the Year Ended 30 June 2024

2024

	Accumulated Surplus	Total Equity
	\$	\$
Balance at 1 July 2023	13,607,549	13,607,549
Total comprehensive income for the year	172,759	172,759
Balance at 30 June 2024	13,780,308	13,780,308

2023

	Accumulated Surplus	Total Equity
	\$	\$
Balance at 1 July 2022	13,316,349	13,316,349
Total comprehensive income for the year	291,200	291,200
Balance at 30 June 2023	13,607,549	13,607,549

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Multicultural Aged Care Services Geelong Inc

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Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flow from operating activities:			
Receipts			
Receipts from government subsidies		20,656,899	15,482,341
Receipts from investments		383,272	247,219
Fees for accommodation and other operating services		3,387,211	5,570,812
Donation and capital grants		72,632	8,631
Payments			
Payments to employees		(13,464,047)	(13,233,962)
Finance costs		(191,786)	(447,879)
Payments to suppliers		(9,761,538)	(6,754,597)
Net cash provided by/(used in) operating activities		1,082,643	872,565
Cash flow from investing activities:			
Net proceeds (loss) from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(2,228,370)	(1,429,479)
Net (purchase)/receipts of financial assets		(1,646,821)	3,650,016
Net cash provided by/(used in) investing activities		(3,875,191)	2,220,537
Cash flow from Financing activities:			
Net payment of RAD's		5,187,951	(1,611,407)
Net proceeds to related entities		(725,812)	-
Proceeds from / (Repayment) of borrowings		14,375	(1,830,838)
Payment of lease liabilities		(35,000)	(182,139)
Net cash provided by/(used in) financing activities		4,441,514	(3,624,384)
Net (decrease)/increase in cash and cash equivalents		1,648,966	(531,282)
Cash and cash equivalents at beginning of year		2,076,834	2,608,116
Cash and cash equivalents at end of year	6	3,725,800	2,076,834

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Reporting Entity

The financial report covers Multicultural Aged Care Services Geelong Inc as an individual entity.

The registered office and principal place of business of the Association is:
Multicultural Aged Care Services Geelong Inc
100 Weddell Rd
NORTH GEELONG VIC 3215

Comparatives are consistent with prior years, unless otherwise stated.

Merger Status

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 associations. MCSG has established a planned and staged merger process, with the MACS remaining staff, services, assets and liabilities to be progressively transferred to MCSG over the course of 2024/25 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 by 30 June 2025.

Assets and liabilities have been transferred through the related party loan accounts during the current period and will continue to be transferred over the coming financial year.

A letter of support has been provided by MACS to GECC and MCSG in relation to the going concern of the three entities. The recommendation is to review the financial statements of all three entities involved in the merger, in order to gain a complete view.

2 Basis of Preparation

a) Basis of accounting

In the opinion of the directors, the Association is not publicly accountable. These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. These financial statements comply with Australia Accounting Standards – Simplified Disclosure Requirements.

They were authorised for issue by the Board of Directors on 8 October 2024. Details of the Association's material accounting policies are included in Note 3.

b) Basis of measurement

The financial statements have been prepared on an accruals basis and are based on historical cost, except for certain financial assets recorded at fair value through profit and loss.

c) Functional and presentation currency

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

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Basis of Preparation (continued)

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Association's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Summary of material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Association has consistently applied the accounting policies set out below to all periods presented in these financial statements.

(a) Revenue recognition

AASB 15 Revenue from Contracts with Customers applies to all revenue arising from contracts with customers unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue recognised at an amount that reflects consideration to which an entity expects to be entitled in exchange for transferring good or services to a customer.

The Standard requires the Association to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contacts with their customers.

The transaction price is allocated to performance obligations based on the relative standalone selling price and recognised as revenue accordingly as those performance obligations are satisfied over time each day as the customer (or resident) simultaneously receives and consumes the benefits provided by the association.

The provision of care to a resident is a single performance obligation. All performance obligations are considered to be met on a daily basis and therefore the Association does not have any outstanding performance obligations that have not been met at reporting date.

Other services such as additional services (in room services) and accommodation charges contain a number of different performance obligations. The Association has applied the practical expedient not to disclose the transaction price allocation to unperformed performance obligations.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Association has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(a) Revenue recognition (continued)

Services to residents and client

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

Revenue from the rendering of services is recognised upon the delivery of the service to the residents and clients.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as Available for Sale (AFS), interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in operating income in the statement of profit or loss.

Dividends

Revenue is recognised when the Association's right to receive the payment is established, which is generally when shareholders approve the dividends as declared.

AASB 1058 Income of Not-for-Profit (NFP) Entities

AASB 1058 applies when an NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. Some grant agreements where cash is received may require deferral of revenue recognition until the performance obligation is satisfied.

Resident government subsidies and other grants

The Association recognises revenue from aged care and home care services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as agreed in a single contract with the resident. Fees received in advance of aged care and home care services performed are recognised as contract liabilities.

Under AASB 15, bond retention fees are recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data. The unearned revenue is recognised as contract liabilities.

Grant income arising from an agreement which contains sufficiently enforceable and sufficiently specific performance obligations is recognised when control of each performance obligation is satisfied. The performance obligations are varied based on the agreement. 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 revenue is

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(a) Revenue recognition (continued)

Resident government subsidies and other grants (continued)

recognised based on either cost or time incurred which best reflects the transfer of control. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and recognised in contract liability and will be brought to account in future years as the funds are expended.

(b) Income Tax

No provision for income tax has been recognised as 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 payables 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

(i) Recognition and initial measurement

The Association initially recognises loans, receivables and borrowings on the date that they are originated. All other financial assets and financial liabilities are initially recognised when the Association becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transactions costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Derecognition

Financial assets

The Association derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

(ii) Derecognition (continued)

Financial liabilities

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Association also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Association currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to the initial recognition unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. On initial recognition, the Association can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

(iv) Classification and subsequent measurement (continued)

Financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will never be reclassified to profit or loss.

Financial assets – Business model assessment

The Association makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning long-term capital returns or contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Association's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Association considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

(iv) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity instruments at FVOCI These assets are subsequently measured at fair value. 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 and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(e) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as a liability in respect of employees' services up to the reporting date. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

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

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(f) Impairment

(i) Non-derivative financial assets

Financial instruments

The Association recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Association considers a financial asset to be in default when:

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(f) Impairment (continued)

(i) Non-derivative financial assets (continued)

Financial instruments (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

Loss allowances for trade receivables are always recognised at an amount equal to lifetime ECLs.

Debt securities are determined to have low credit risk at the reporting date and are measured at 12-month ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Association expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Association assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Association on terms that the Association would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for a security because of financial difficulties; or
- Investment grades for debt securities reduce below 'BBB'.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Association has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For receivables, the Association individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Association expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Association's procedures for recovery of amounts due.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets

At each reporting date, the Association reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest Association of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(g) Property, plant and equipment

Property, plant and equipment including freehold land, buildings and construction in progress are stated at cost less accumulated depreciation and accumulated impairment losses. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of plant and equipment and are recognised net as other expenses or other income in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Association and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment

Depreciation is recognised so as to write off the cost of assets other than freehold land and construction in progress less their residual values over their estimated useful lives, using the straight-line method. Freehold land is not depreciated. Depreciation of construction in progress, on the same basis as other property assets, commences when the assets are ready for their intended use.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows for current and prior years:

Buildings	50 Years
Lease improvements	6 – 7 Years
Office equipment	6 – 7 Years
Motor vehicle	5 Years

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(g) Property, plant and equipment (continued)

Capital works in progress are not depreciated until they are installed and ready for use. All new assets are depreciated in the year of acquisition and depreciation is based on the date of acquisition.

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

(h) Leases

The Association has adopted AASB16 from 1 July 2019.

At inception of the contract, the Association assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Association allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for any leases of property the Association has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Association by the end of the lease term or the cost of the right-of-use asset reflects that the Association will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Generally, the Association uses its incremental borrowing rate as the discount rate.

The Association determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(h) Leases (continued)

(i) As a lessee(continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Association is reasonably certain to exercise, lease payments in an optional renewal period if the Association is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Association is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, if the Association changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Association presents right-of-use assets that do not meet the definition of investment property in 'right of use assets' and 'lease liabilities' in the statement of financial position.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Association allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Association acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Association makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Association considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Association is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Association applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Association recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Summary of material accounting policies (continued)

(i) Intangibles

Multicultural Aged Care Services Geelong Inc currently holds 103 residential bed licences and in the previous year held these 103 residential bed licences and 60 supported residential bed licences. The 60 bed licences were transferred to Multicultural Community Services Geelong Inc during the current financial year. The value of these licenced has not been brought to account in the financial statement as Multicultural Aged Care Services Inc believes there is not an active market for these licenses.

(j) Cash and cash equivalents

Cash comprises cash on hand and cash equivalents comprises cash at bank.

(k) Refundable accommodation deposits

Refundable Accommodation Deposits ("RADs") are accommodation bonds or deposits received from incoming residents which are held in trust for each individual resident and recognised as a current liability at the amount that would be payable upon discharge of the resident. This is the amount received on entry of the resident less deductions for fees/retentions from each RAD account according to the statutory requirements. These liabilities are considered to be current as the Association does not have an unconditional right to defer settlement of the liability for at least 12 months at reporting date.

(l) Operating cash flow

Daily inflows and outflows of refundable accommodation deposits are considered by the Association to be a normal part of the operations of the business and are utilised at the discretion of the Association within the guidelines set out by the Prudential Compliance Standards and are therefore classified as an operating activity.

(m) New standards and interpretations

The Association also adopted *Disclosure of Accounting Policies: Tier 2 and Other Australia Accounting Standards (Amendments to AASB 1049, 1054 and 1060)* from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2023: Significant accounting policies) in certain instance in line with the amendments. A number of other new accounting standards are also effective from 1 July 2023 but they do not have a material effect on the Association's financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

(n) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2024, the Association recognised a surplus of \$172,759 (2023: surplus of \$291,200) and as at that date had net current liabilities of \$14,806,477 (2023: net current liabilities of \$13,683,416) and a net asset surplus of \$13,780,308 (2023: net asset surplus \$13,607,549). Current liabilities include refundable accommodation deposits and bonds at 30 June 2024 of \$22,874,158 (2023: \$17,686,207) which are recognised as repayable at call, subject to applicable conditions. Historical turnover statistics indicate that only a small percentage of resident funded loans are likely to be required to be repaid within the next twelve months.

This basis has been adopted recognising the Association is merging with Geelong Ethnic Communities Council Inc (GECC) to form Multicultural Community Services Geelong (MCSG). As part of this, a letter of financial support has been provided by the Association to financially support the merging entities for 12 months from the time of signed date of the audit report of this financial report. As part of this process, it is expected that the business and net assets will transfer over the next financial year.

In the opinion of the Directors, the Association remains a going concern and can pay its debts as and when they fall due, this conclusion is based on its forecast operating cash flows and cash reserves. The operating cash flows incorporate GECC having received direct correspondence from its external financier supporting extending the term of the current finance facility beyond its current expiry date of 23 March 2025. The Directors believe forecast operational cash flows and cash reserves are sufficient to meet financial commitments including those of GECC and MCSG as and when they fall due for 12 months from the audit report date of this financial report.

As a result, the financial statements have been prepared on a going concern basis.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024 \$	2023 \$
4 Revenue		
Revenue from continuing operations		
Revenue from operating activities		
Residential Care	13,243,043	10,568,785
Accommodation payments and charges	555,834	542,068
Ingoings	-	508,565
Home care packages	9,992,854	7,925,670
Rental income	78,260	1,060,640
Total from operating activities	23,869,991	20,605,728
Revenue from non-operating activities		
Income from Investments		
Interest on investments	113,185	56,424
Fair value gains/(losses) of investments held	109,794	55,458
Dividends	127,451	197,676
Refundable tax credits	32,842	56,957
Total Income from investments	383,272	366,515
Other income		
Café sales	22,576	30,548
Donation/funding	546	8,631
Resident reimbursements	-	4,581
Meals	-	3,064
Miscellaneous	18,006	537,254
Profit on sale of assets	-	15,000
Total other income	41,128	599,078
Total Revenue	24,294,391	21,571,321
5 Employee Benefits Expense		
Salaries & Wages	12,004,015	11,526,566
Superannuation	1,245,921	1,016,667
Movement in Annual Leave Provision	(26,009)	185,532
Movement in Long Service Leave Provision	35,072	146,309
Other Employee Benefits Expenses	381,573	389,557
Total Employee Benefits Expense	13,640,572	13,264,631

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024	2023
	\$	\$
6 Cash and Cash Equivalents		
Cash at Bank and on hand	599,825	572,636
Cash held with managed investment portfolio	3,125,975	1,504,198
Total cash and cash equivalents	3,725,800	2,076,834
7 Trade and Other Receivables		
Trade Receivables	815,430	572,636
Resident fees	-	68,450
Related entity receivable	2,674,038	1,906,877
Prepayments	-	47,260
Other receivables	93,642	716,106
Total current trade and other receivables	3,583,110	3,311,329
8 Other Financial Assets		
Financial assets held at fair value through profit or loss		
Shares – domestically listed entities	1,118,237	1,099,451
Hybrid securities	2,542,079	1,298,023
Managed funds	260,167	76,188
Total financial assets	3,920,483	2,473,662
Financial assets measured at amortised cost		
Term deposits – period exceeding 3 months	200,000	-
Total financial assets held at fair value	200,000	-
Total financial assets	4,120,483	2,473,662

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024 \$	2023 \$
9 Property Plant and Equipment		
Freehold land		
At cost	3,944,646	3,944,646
Buildings		
At cost	35,570,029	33,752,770
Less accumulated depreciation	(8,942,664)	(8,237,663)
Total buildings	26,627,365	25,515,107
Furniture, fixtures and fittings		
At cost	3,022,570	2,377,894
Less accumulated depreciation	(2,208,128)	(1,871,244)
Total furniture, fixtures and fittings	814,442	506,650
Motor vehicles		
At cost	214,065	214,064
Less accumulated depreciation	(196,016)	(173,297)
Total motor vehicles	18,049	40,767
Leasehold improvements		
At cost	-	31,068
Carrying value at the end of year	31,404,502	30,038,238

Reconciliation of carrying amount as at 30 June 2024

	Land \$	Buildings \$	Furniture, Fixtures and Fittings \$	Motor vehicles \$	Leasehold improv. \$	Total \$
Balance at the beginning of the year	3,944,646	25,515,107	506,650	40,767	31,068	30,038,238
Additions	-	1,813,657	564,684	-	-	2,378,341
Depreciation and amortisation expense	-	(705,001)	(336,884)	(22,718)	-	(1,064,603)
Reallocation between entities	-	3,602	79,992	-	(31,068)	52,526
Carrying amount at the end of year	3,944,646	26,627,365	814,442	18,049	-	31,404,502

Reallocation between entities relates to \$31,068 of assets which transferred from Multicultural Aged Care Services Geelong Inc to Multicultural Community Services Geelong Inc. Whilst Additions relate to \$83,594 of assets which have been transferred from Geelong Ethnic Communities Council Inc. Refer to Note 21 for further information.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Property Plant and Equipment (continued)

Reconciliation of carrying amount as at 30 June 2023

	Land \$	Buildings \$	Furniture, Fixtures and Fittings \$	Motor vehicles \$	Leasehold improv. \$	Total \$
Balance at the beginning of the year	3,944,646	24,944,119	573,195	70,509	31,068	29,563,537
Additions	-	1,277,012	152,467	-	-	1,429,479
Depreciation and amortisation expense	-	(706,024)	(219,012)	(29,742)	-	(954,778)
Carrying amount at the end of year	3,944,646	25,515,107	506,650	40,767	31,068	30,038,238

10 Leases

Association as a lessee

The Association has two leases over buildings, and equipment. These lease terms range up to five years. There are no option periods available on either lease. The property lease payments increase by 3.5% per annum.

Right-of-use assets

	Buildings \$	Plant and Equipment \$	Total \$
Year ended 30 June 2024			
Balance at beginning of the year	465,917	148,028	613,945
Disposal of in the current year	(465,917)	-	(465,917)
Depreciation charge	-	(41,185)	(41,185)
Adjustment due to re-assessment		61,333	61,333
Balance at end of year	-	168,176	168,176
Year ended 30 June 2023			
Balance at beginning of year	630,358	177,148	807,506
Depreciation charge	(164,441)	(29,120)	(193,561)
Balance at end of year	465,917	148,028	613,945

Disposals of \$465,917 relate to leases that have been transferred to Multicultural Community Services Geelong Inc. Refer to note 21 for further information.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

10 Leases (continued)

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
	\$	\$	\$	\$	\$
2024					
Lease liabilities	47,473	146,375	-	193,848	178,343
2023					
Lease liabilities	226,985	494,564	-	721,549	663,837

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:

	2024	2023
	\$	\$
Depreciation of right-of-use assets	41,185	193,561
Interest expense on lease liabilities	9,957	38,380
Total AASB 16 related expense	51,142	231,941

Association as a lessor

For residents that have chosen a Residential Accommodation Deposit (RAD) or Bond arrangement, the Association has determined that the adoption of AASB 16 will define these arrangements to be a lease for accounting purposes with the Association acting as a lessor. This includes operating lease revenue which is recognised on a straight-line basis over the length of stay. In addition revenue includes imputed revenue in relation to residents who have chosen to pay a RAD or Bond. This is a non-cash amount.

The imputed non-cash charge for the year ended 30 June 2024 was calculated based on applying the Maximum Permissible Interest Rate as at the date the RAD or Bond balance received up to the date the balance was refunded. If the balance remained outstanding as at 30 June 2024, then the calculation was completed up to this date.

	2024	2023
	\$	\$
Imputed revenue on RAD and Bond balances	850,490	531,105
Imputed finance cost on RAD and Bond balances	(850,490)	(531,105)
Total	-	-

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

11 Trade and Other Payables

	2024	2023
	\$	\$
GST payable	3,581	1,456
Accrued expenses	664,165	791,896
Deferred income	685,760	970,745
Total trade and other payables	1,353,506	1,764,097

12 Borrowings

CURRENT		
Secured		
Zero Real Interest Loan	65,666	243,450
NON-CURRENT		
Secured		
Zero Real Interest Loan	2,626,659	2,434,500
Total borrowings	2,692,325	2,677,950

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. Principal payment for the loan has been deferred till March 2025 hence, 3 months of principal has been recognised as current.

13 Other Financial Liabilities

Refundable accommodation deposits and bonds	22,874,158	17,686,207
Total other financial liabilities	22,874,158	17,686,207

Refundable accommodation deposits (RADs) are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the Aged Care Act 1997. Providers must pay a base interest rate on all refunds on RADs within legislated timeframes and must pay a penalty on refunds made outside legislated timeframes. RAD balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the Aged Care Act 1997.

RAD refunds are guaranteed by the Commonwealth Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund RAD balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. This is updated by the Association on an annual basis.

While refundable accommodation deposits are classified as a current liability given the possible timeframe for repayment of an individual RAD, it is unlikely that the RAD liability will be significantly reduced over the next twelve months. However, as the entity does not have an unconditional right to defer settlement for at least twelve months at the reporting date, it is classified as a current liability in accordance with the accounting standard AASB 101 Presentation of Financial Statements.

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

14 Provisions

	2024	2023
CURRENT	\$	\$
Annual Leave	871,758	897,767
Long service leave	1,027,106	755,587
	1,898,864	1,653,354
NON-CURRENT		
Long service leave	224,567	461,014
Total Provisions	2,123,431	2,114,368

15 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

(a) Interest rate risk

The Association has external borrowings detailed in Note 12. These borrowings relate to a Zero Real Interest Loan (ZRIL) with the Commonwealth of Australia. The facility incurs an interest rate based upon the Consumer Price Index and is revised on a quarterly basis.

(b) Credit risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Association's Trade and other receivables. The carrying amount of the trade and other receivables and financial assets represents the maximum credit exposure.

The Association's exposure to credit risk relating to trade and other receivables of \$3,583,110 (2023: \$3,311,329) is influenced mainly by the individual characteristics of each customer. The demographics of the Association's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Association has no significant exposure to long aged receivables at 30 June 2024 and has sufficient measures in place to mitigate the risk of unrecoverable trade receivables. Impairment losses on trade receivables arising from contracts with customers are disclosed in Note 7.

Certain Financial Assets are recognised at fair value, Cash and cash equivalents and financial assets are held with reputable banks and financial institutions. Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties, and hence no impairment recognised (2023: \$Nil).

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

15 Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Associations approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

Financial instruments used

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

- Trade and Other Receivables
- Cash and Cash Equivalents
- Other Financial Assets - Term deposits – period exceeding 3 months, Shares – domestically listed securities, Hybrid securities and Managed funds.
- Trade and Other Payables
- Borrowings
- Lease liabilities
- Refundable Accommodation Deposits and Bonds

(a) Summary Table

	Note	2024 \$	2023 \$
Financial assets:			
Held at amortised cost			
Cash and cash equivalents	6	3,725,800	2,076,834
Trade and other receivables	7	3,583,110	3,311,329
Term deposits – period exceeding 3 months	8	200,000	-
Held at fair value through profit or loss			
Shares – domestically listed entities	8	1,118,237	1,099,451
Hybrid securities	8	2,542,079	1,298,023
Managed funds	8	260,167	76,188
Total financial assets		11,429,393	7,861,825
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade and other payables	11	1,353,506	1,764,097
Borrowings	12	2,692,325	2,677,950
Lease liabilities	10	178,343	663,837
Refundable accommodation deposits and bonds	13	22,874,158	17,688,207
Total financial liabilities		27,098,332	22,794,091

Multicultural Aged Care Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

16 Key Management Personnel Remuneration

All Key Management Personnel are paid out of Multicultural Community Services Geelong Inc. The Key Management Personnel Remuneration includes seven executives.

17 Auditors' Remuneration

Remuneration of the auditor KPMG (2024) Davidsons Assurance Services Pty Ltd (2023), for:

	2024	2023
	\$	\$
- Audit of financial statement	20,000	-
- Preparation of financial statement	6,500	-
- Prudential Compliance Statement	5,000	-
Total auditor' remuneration	31,500	-

Auditors' remuneration is paid for on behalf of Multicultural Aged Care Services Inc by a related party, Multicultural Community Services Geelong Inc. In the 2023 financial year the Auditor's remuneration was recorded in the financial statements of Multicultural Community Services Geelong Inc.

18 Fair Value Measurement

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

- Financial assets
 - Shares – domestically listed entities
 - Hybrid securities
 - Managed funds

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

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Notes to the Financial Statements

For the Year Ended 30 June 2024

18 Fair Value Measurement (continued)

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 2024				
Recurring fair value measurements				
Financial assets				
Shares – domestically listed entities	1,118,237	-	-	1,118,237
Hybrid securities	2,542,079	-	-	2,542,079
Managed funds	-	260,167	-	260,167
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2023				
Recurring fair value measurements				
Financial assets				
Shares – domestically listed entities	1,099,451	-	-	1,099,451
Hybrid securities	1,298,023	-	-	1,298,023
Managed funds	-	76,789	-	76,789

19 Contingencies

In the opinion of those charged with governance, the Association is in the process of resolving a matter related to the purchase of an asset. Further information is not disclosed as not to prejudice the outcome of the negotiations.

20 Related parties

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

Board Members

Gillian Costa
Deanne Firth
Spiro Fatouros
Gerald De Stefano
Gael Perry (resigned on 24 October 2023)
Tess Aberline
Jayaraman (Rajan) Thiagarajan (appointed on 24 October 2023)

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

Chief Executive Officer

J Leggo

Key management personnel - refer to Note 16.

Multicultural Aged Care Services Geelong Inc

ABN 81 567 167 023

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Related parties (continued)

Other related parties

Multicultural Community Services Geelong Inc and Geelong Connected Community Services Inc. 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 entities 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:

	2024
	\$
<i>Advances of cash to MCSG net of payments made on their behalf</i>	3,267,768
<i>Other items</i>	52,027
<i>Transfer of Right of Use Assets between entities net of Lease Liabilities</i>	(16,652)
<i>Operating Revenues and Recharge of Payroll costs incurred with GECC</i>	(2,695,170)
Total	607,973

c) Outstanding balances arising from sales and purchases of goods and services

	2024
	\$
Current balance	
Receivables from MCSG	2,674,038
Total	2,674,038

22 Events after the end of the Reporting Period

No significant events or circumstances have arisen since the end of the financial year which significantly affect 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 year



Auditor's Independence Declaration under subdivision 60- C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: The Board of Directors of Multicultural Aged Care Services Geelong Inc

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in 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.

KPMG

Luke Snowdon

Partner

Geelong

8 October 2024



Independent Auditor's Report

To the Board of Directors of Multicultural Aged Care Services Geelong Inc

Opinion

We have audited the **Financial Statements** of Multicultural Aged Care Services Geelong Inc (the Association). In our opinion, the accompanying Financial Statements of the Multicultural Aged Care Services Geelong Inc is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 including:

- i. giving a true and fair view of the Association's financial position as at 30 June 2024, and of its financial performance and its cash flows for the year then ended on that date; and
- ii. complying with the Australian Accounting Standards – *Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022* (ACNCR).

The **Financial Statements** comprise:

- *Statement of financial position* as at 30 June 2024
- *Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows* for the year then ended
- Notes including a summary of material accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Multicultural Aged Care Services Geelong Inc's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for:

- Preparation of the Financial Statements that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures Framework and the ACNC and ACNCR;
- Implementing necessary internal control to enable the preparation of Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have 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 Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements 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. They 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 Statements.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Association to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

Luke Snowdon

Partner

Geelong

8 October 2024