Multicultural Community Services Geelong Inc
ABN 71 355 229 834

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2024

Multicultural Community Services Geelong Inc

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For the Year Ended 30 June 2024

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Multicultural Community Services Geelong Inc

ABN 71 355 229 834

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 Community 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 and community services to the multicultural community with a focus on the Greater Geelong region. These activities include settlement services, with migration advice and humanitarian support programs, community development services, employment and family support services, financial counselling, aged care activity support services, and supported resident services. Additional activities undertaken include training for adult education and through the registered training organisation under the trading name Cultura Training, professional training in cultural awareness under the trading name Global Minds, and the Pako Festa event. Activities in relation to the merger were undertaken for the provision of management and support services to related entities Multicultural Aged Care Services Geelong Inc and Geelong Ethnic Communities Council Inc. The Association is currently undergoing a merger such that all these entities will be combined to create one legal entity.

During the financial year there was the addition of aged residential supported services and Global Minds training services. 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 deficit of the Association for the financial year amounted to $423,588 (2023: operating deficit $2,135,380).

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 accompanying financial statements.

3 Other matters

a) Auditors' Independence Declaration

The auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 32 of the financial report.

b) Post balance sheet events

As part of the merger, the Association has received the transfer of all GECC employment contracts and corresponding liabilities by 4 August 2024. In addition, the Association has announced that it will be ceasing providing services as a registered training organisation from 1 January 2025 to focus on a collaboration approach with partners to support delivery of accredited services.

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.

c) Future developments

The Association expects to continue its principal operations with the addition of activities through the finalisation of the merger. 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.

4 Corporate Structure

Multicultural Community 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	
John Hrkac	Director	
Gillian Costa	Director	
Deanne Firth	Director	
Spiro Fatouros	Director	
Gerald De Stefano	Director	
Gael Perry	Director	Resigned October 2023
Tess Aberline	Director	Resigned March 2024
Jayaraman (Rajan) Thiagarajan	Director	Appointed October 2023
Linda Sydor-Petkovic	Director	
Sophia Shen	Director	
Eldo Jacob	Director	

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.

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Directors' Report

For the Year Ended 30 June 2024

7 Members' guarantee

The Association is limited by guarantee. If the Association is wound up, the Constitution states that each member is required to contribute a maximum of $1 each towards any outstanding obligations of the Association. At 30 June 2024, the number of members was 43 (2023: 51).

8 Indemnification and insurance of officers and 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 paid 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 premium has been paid by the Victorian Managed Insurance Authority (VMIA).

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 this ...8th........................ day of October 2024

Multicultural Community Services Geelong Inc

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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 31, are in accordance with the *Australian Charities and Non-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 Community 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	4	15,456,691	11,281,165
Related entity income	5	3,553,903	171,176
Other Income		162,415	668,709
Total income		**19,173,009**	**12,121,050**
Employee Benefits Expense	6	(6,387,989)	(1,210,701)
Related entity expenses		(7,261,005)	(8,228,436)
Client fee expenses		(2,763,249)	(2,506,023)
Motor vehicle expenses		(98,733)	(143,844)
Rates and taxes		(375,119)	(477,093)
Other expenses		(2,710,502)	(1,690,333)
Total expenses		**(19,596,597)**	**(14,256,430)**
Deficit for the year		**(423,588)**	**(2,135,380)**
Other Comprehensive Income		-	-
Total comprehensive loss for the year		**(423,588)**	**(2,135,380)**

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

Multicultural Community 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	7	103,293	149,455
Trade and other receivables	8	2,039,016	5,641,141
Total current assets		**2,142,309**	**5,790,596**
Non-current assets			
Property, plant and equipment	9	982,178	-
Right-of-use assets	10	528,242	-
Total non-current assets		**1,510,420**	**-**
TOTAL ASSETS		**3,652,729**	**5,790,596**
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,402,372	1,145,283
Borrowings	12	2,724,038	4,681,744
Lease liabilities	10	309,890	-
Employee benefits	13	835,642	590,961
Contract liability	14	275,599	1,054,933
Total current liabilities		**5,547,541**	**7,472,921**
Non-Current Liabilities			
Lease liabilities	10	236,260	-
Borrowings	12	350,000	400,000
Employee benefits	13	77,896	53,055
Total non-current liabilities		**664,156**	**453,055**
TOTAL LIABILITIES		**6,211,697**	**7,925,976**
NET ASSETS		**(2,558,968)**	**(2,135,380)**
EQUITY			
Accumulated deficit		(2,558,968)	(2,135,380)
TOTAL EQUITY		**(2,558,968)**	**(2,135,380)**

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

Multicultural Community Services Geelong Inc

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Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Accumulated Deficit $	Total Equity $
Balance at 1 July 2023	**(2,135,380)**	**(2,135,380)**
Total comprehensive loss for the year	(423,588)	(423,588)
Balance at 30 June 2024	**(2,558,968)**	**(2,558,968)**

2023

	Accumulated Deficit $	Total Equity $
Balance at 1 July 2022	**-**	**-**
Total comprehensive loss for the year	(2,135,380)	**(2,135,380)**
Balance at 30 June 2023	**(2,135,380)**	**(2,135,380)**

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

Multicultural Community 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 from grantors, customers and related entities		18,872,018	13,320,182
Finance costs		(21,715)	-
Payments to suppliers, employees and related entities		(18,720,665)	(15,823,291)
Net cash provided by/(used in) operating activities		**129,638**	**(2,503,109)**
Cash flow from investing activities:			
Acquisitions of property, plant and equipment		(25,070)	-
Net cash used in investing activities		**(25,070)**	**-**
Cash flow from financing activities:			
Net (payment) / receipt of other borrowings		(50,000)	150,000
Net receipt of related entity loans		138,701	2,383,559
Repayment of lease liabilities		(239,431)	-
Net cash provided by/(used in) financing activities		**(150,730)**	**2,533,559**
Net (decrease)/increase in cash and cash equivalents		**(46,162)**	30,450
Cash and cash equivalents at beginning of year		149,455	119,005
Cash and cash equivalents at end of year	7	**103,293**	149,455

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

1 Reporting entity

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

The registered office and principal place of business of the company is:
Multicultural Community Services Geelong Inc
100 Weddell Road
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 GECC and 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 over the same period.

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 and 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 accounting policies are included in Note 3.

(b) Basis of measurement

The financial statements have been prepared on an accruals basis and at historical cost.

(c) Functional and presentation currency

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

(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 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

Grant income arising from an agreement which contains 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 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.

Client Fees and Resident and Ingoing Fees

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.

(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.

3 Summary of material accounting policies (continued)

(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

(i) Recognition and initial measurement

The Association initially recognises loans, receivables and payables 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 expires, 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.

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.

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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)

(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.

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.

3 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

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 an 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.

3 Summary of material accounting policies (continued)

(d) Financial instruments (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 recognized 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.

3 Summary of material accounting policies (continued)

(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.

(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 and debt investment measured at FVOCI.

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.

3 Summary of material accounting policies (continued)

(f) Impairment (continued)

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 that 12 months).

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 and debt securities at FVOCI 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.

3 Summary of material accounting policies (continued)

(f) Impairment (continued)

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.

ii) Non-financial assets

At each reporting date, the Association reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are assessed 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.

3 Summary of material accounting policies (continued)

(g) Property, plant and equipment (continued)

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
Leasehold improvements	6 – 7 Years
Intangible Assets	3 Years
Office Equipment	6 – 7 Years
Motor vehicle	5 Years

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.

3 Summary of material accounting policies (continued)

(h) Leases (continued)

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.

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.

3 Summary of material accounting policies (continued)

(i) 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. Other than noted below, 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.

(j) 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 deficit of $423,588 (2023: deficit of $2,135,380) and as at that date had net current liabilities of $3,405,232 (2023: net current liabilities of $1,682,325) and a net asset deficit of $2,558,968 (2023: deficit $2,135,380).

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 obtaining a letter of financial support confirming that Multicultural Aged Care Services Geelong Inc (MACS), as required, will provide financial support to pay the Association's liabilities and financial obligations as they fall due. 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 process, the business and net assets will transfer over the next financial year into the Association. The Directors have reasonable grounds to believe that the ongoing financial support by MACS is likely to continue and therefore, the going concern basis on which the financial report has been prepared is appropriate.

4 Revenue

Revenue from continuing operations

	2024	2023
	$	$
Grant Revenue	8,916,224	7,909,877
Client Fees	5,260,809	3,371,288
Resident and Ingoings Fees	1,279,658	-
Total Revenue from continuing operations	**15,456,691**	**11,281,165**

Timing of revenue recognition

	2024	2023
	$	$
Transferred at a point in time	5,260,809	3,371,288
Transferred over time	10,195,882	7,909,877
Total Revenue	**15,456,691**	**11,281,165**

5 Related entity income

	2024	2023
	$	$
Corporate cost recharge	3,553,903	171,176
Total Related entity income	**3,553,903**	**171,176**

6 Employee Benefits Expense

	2024	2023
	$	$
Salaries & Wages	5,365,278	762,140
Superannuation	575,596	106,388
Workcover	26,578	24,214
Movement in Annual Leave Provision	149,960	127,159
Movement in Long Service Leave Provision	119,562	43,982
Other Employee Benefits Expense	151,015	146,818
Total Employee Benefits Expense	**6,387,989**	**1,210,701**

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

7 Cash and Cash Equivalents

	2024 $	2023 $
Cash at Bank and on hand	103,293	149,455
Total cash and cash equivalents	**103,293**	**149,455**

8 Trade and other receivables

	2024 $	2023 $
Trade Receivables	231,118	582,772
Provision for expected credit loss	(117,048)	-
Other Receivables	391,938	318,300
Prepayments	440,596	769,689
Accrued Revenue	246,151	142,329
Security Deposits	165,849	44,250
GST receivable	60,538	40,145
Related entity receivable	619,874	3,743,656
Total current trade and other receivables	**2,039,016**	**5,641,141**

9 Property Plant and Equipment

	2024 $	2023 $
Work in progress	**23,498**	
Furniture, fixtures and fittings		
At cost	54,100	-
Less accumulated depreciation	(9,503)	-
Total furniture, fixtures and fittings	**44,597**	**-**
Leasehold Improvements		
At cost	981,375	-
Less accumulated depreciation	(67,292)	-
Total Leasehold Improvements	**914,083**	**-**
Carrying value at the end of year	**982,178**	**-**

9 Property Plant and Equipment (continued)

Reconciliation of carrying amount as at 30 June 2024

	Work in progress	Furniture, Fixtures and Fittings $	Leasehold Improvements $	Total $
Balance at the beginning of year		-	-	-
Additions	23,498	54,100	938,769	1,016,637
Depreciation expense	-	(9,503)	(24,686)	(34,189)
Balance at the end of year	**23,498**	**44,597**	**914,083**	**982,178**

Leasehold improvements additions include $933,535 of assets that have been reallocated from Geelong Ethnic Communities Council Inc. In addition, there have been $31,068 of assets that have been reallocated from Multicultural Aged Care Services Geelong Inc into Furniture, Fixtures and Fittings. Refer to note 19 for further information.

10 Leases

Association as a lessee

Terms and conditions of leases

The Association's lease portfolio relates to buildings only. Building lease terms range from 2 to 4 years. Options to extend or terminate are contained in the property leases of the Association. These clauses provide the Association opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Association. The extension or termination options which were probable to be exercised have been included in the calculation of the lease liability and right of use asset.

Right-of-use assets

	Buildings $	Plant and Equipment $	Total $
Year ended 30 June 2024			
Balance at beginning of the year	-	-	-
Additions to right-of-use assets	705,990	110,996	816,986
Depreciation charge	(281,807)	(6,937)	(288,744)
Balance at end of year	**424,183**	**104,059**	**528,242**

Additions of $159,763 relate to leases that have been transferred from Geelong Ethnic Communities Council Inc. In addition to leases of $465,917 that have been transferred from Multicultural Aged Care Services Geelong Inc. Refer to note 19 for further information.

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	309,890	236,260	-	553,514	546,150
2023					
Lease liabilities	-	-	-	-	-

The total cash outflow for leases in 2024 was $239,431 (2023: $0).

The weighted average interest rate at 30 June 2024 is 5.00% (30 June 2023: N/A) and the interest expense recognised during the financial year is $30,073 (2023: N/A).

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term. During the year there were short-term lease payments of $8,210 (2023: $17,829).

11 Trade and Other Payables

	2024	2023
	$	$
Trade payables	878,470	896,795
Employee accruals	156,000	77,061
Sundry payables and accrued expenses	367,902	162,359
Other payables	-	9,068
Total trade and other payables	**1,402,372**	**1,145,283**

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Notes to the Financial Statements

For the Year Ended 30 June 2024

12 Borrowings

	2024 $	2023 $
CURRENT		
Unsecured liabilities:		
Loan from related entity	2,674,038	4,631,744
Secured liabilities:		
Other Loans	50,000	50,000
Total current borrowings	**2,724,038**	**4,681,744**
NON-CURRENT		
Secured liabilities:		
Other loans	350,000	400,000
Total non-current borrowings	**350,000**	**400,000**
Total Borrowings	**3,070,038**	**5,081,744**

Other loans are secured against the properties to which they relate.

13 Employee benefits

	2024	2023
Current liabilities	**$**	**$**
Annual Leave	489,001	339,041
Long service leave	346,641	251,920
Total current employee benefits	**835,642**	**590,961**
Non-current liabilities		
Long service leave	77,896	53,055
Total non-current employee benefits	**77,896**	**53,055**

14 Contract Liability

Grants in advance	275,599	1,054,933
Total other financial liabilities	**275,599**	**1,054,933**

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. However, there is no interest rate attributed to this loan. Interest rate risk on related party loans are also not considered significant due to the nature of short term loans provided and the absence of an interest charge on these loans.

(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 receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

The Associations exposure to credit risk relating to external trade and other receivables of $1,419,561 (2023: $1,897,485) is influenced mainly by the individual characteristics of each customer. The demographics of the Associations 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 places to mitigate the risk of unrecoverable trade receivables. Impairment losses on trade receivables and contact assets arising from contracts with customers are disclosed in Note 8.

Cash and cash equivalents 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).

Financial instruments used

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

- Cash and cash equivalents
- Trade and other receivables
- Borrowings
- Lease Liabilities
- Trade and other payables

15 Financial Risk Management (continued)

(a) Summary Table

	Note	2024 $	2023 $
Financial assets:			
Held at amortised cost			
Cash and cash equivalents	7	103,293	149,455
Trade and other receivables	8	2,039,016	5,641,141
Total financial asset		**2,142,309**	**5,790,596**
Financial liabilities			
Financial liabilities measured at amortised cost			
Lease Liabilities	10	546,150	-
Trade and other payables	11	1,402,372	1,145,283
Borrowings	12	3,074,038	4,681,744
Total financial liabilities		**5,022,560**	5,827,027

16 Key Management Personnel Remuneration

The remuneration paid to key management personnel of the Association is $1,329,421 (2023: $1,433,760).

	2024 $	2023 $
Short term employment benefits	1,191,223	1,283,215
Post-employment benefits	138,198	150,545
Total key management personnel remuneration	**1,329,421**	**1,433,760**

The Directors of the association received no renumeration for their roles during either of the two financial years.

Multicultural Community Services Geelong Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

17 Auditor's Remuneration

	2024 $	2023 $
Remuneration of the auditor KPMG (2024) Davidsons Assurance Services Pty Ltd (2023), for:		
- Audit of financial statement	4,650	38,500
- Preparation of financial statement	2,000	-
- Grant Acquittals	4,000	6,000
Total auditors' remuneration	**10,650**	**44,500**

Auditors' remuneration for Multicultural Aged Care Services Geelong Inc (MACS) and Geelong Ethnic Communities Council Inc (GECC), two related entities is paid for by Multicultural Community Services Geelong Inc. Therefore the 2023 note above includes the Auditors remuneration for MACS, GECC and Multicultural Community Services Geelong Inc.

18 Contingencies

In the opinion of those charged with governance, the Association did not have any contingencies at 30 June 2024 (30 June 2023: Nil).

19 Related parties

a) Key Management personnel compensation

Key management personnel - refer to Note 16.

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 entities

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 $
Transfer of Property, Plant and Equipment between entities net of Depreciation	(1,017,132)
Transfer of Right of Use Assets between entities net of Lease Liabilities	43,000
Operating and Payroll costs, including transferred liabilities paid on behalf of GECC by Multicultural Community Services Geelong Inc	6,944,062
Advances of cash from MACS net of payments made	(3,267,768)
Operating Revenues and Recharge of Payroll costs incurred with GECC	(3,868,238)
Total	**(1,166,076)**

19 Related parties (continued)

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

	2024 $
Current balance	
Payables to MACS	(2,674,038)
Receivables from GECC	619,874
Total	**(2,054,164)**

20 Events after the end of the Reporting Period

As part of the merger, the Association has received the transfer of all GECC employment contracts and corresponding liabilities by 4 August 2024. In addition, the Association has announced that it will be ceasing providing services as a registered training organisation from 1 January 2025 to focus on a collaboration approach with partners to support delivery of accredited services.

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.

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 Community 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

KPMG

Luke Snowdon

Partner

Geelong

8 October 2024

Independent Auditor's Report

To the Board of Directors of Multicultural Community Services Geelong Inc

Opinion

We have audited the ***Financial Statements*** of Multicultural Community Services Geelong Inc (the Association). In our opinion, the accompanying Financial Statements of the Multicultural Community 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 Community 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.

v. 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

KPMG

Luke Snowdon

Partner

Geelong

8 October 2024