Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926
REG No. A01 073 18Z
NAPS ID: 1562

Financial Statements

For the Year Ended 30 June 2022

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

For the Year Ended 30 June 2022

CONTENTS

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Revenue	2	**9,611,868**	10,072,739
Employee benefits expense		**(6,477,356)**	(7,140,651)
Depreciation expense	3	**(1,165,519)**	(1,144,170)
Catering and food supplies		**(643,059)**	(682,533)
Finance costs	3	**(110,821)**	(48,923)
Maintenance expense		**(418,090)**	(460,544)
Cleaning and waste expense		**(217,480)**	(283,847)
Workcover expense		**(139,737)**	(129,524)
Insurance expense		**(81,383)**	(65,647)
Utilities expense		**(157,027)**	(195,558)
Consultancy expense		**(100,793)**	(83,414)
Provision for capital gain sharing		**(245,000)**	(310,000)
Resident care expenses		**(438,850)**	(440,263)
Waste Removal		**(205,661)**	(290,670)
Gardening		**(100,827)**	(131,910)
Rates		**(98,926)**	(103,497)
Other expenses from ordinary activities		**(201,078)**	(177,187)
RAD lease finance expense	1(j),2	**(408,280)**	(444,099)
Loss on sale of assets		**(8,759)**	(2,858)
Operating Surplus/(Deficit) for the year		**(1,606,778)**	(2,062,556)
Non operating activities			
Impairment loss on bed licence		**-**	(2,375,000)
Surplus/(Deficit) from Ordinary Activities		**(1,606,778)**	(4,437,556)
Other comprehensive income			
Items that will not be reclassified subsequently to income or expenditure:			
Net fair value movements for revaluation of non-current assets		**16,758,126**	-
Other comprehensive income for the year		**16,758,126**	-
Total comprehensive income for the year		**15,151,348**	(4,437,556)

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

Statement of Financial Position

As at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**5,074,226**	5,677,051
Trade and other receivables	8	**375,173**	187,028
Inventories		**-**	743
Financial assets	9	**8,665,142**	8,558,144
Other assets		**23,796**	21,788
Total current assets		**14,138,337**	14,444,754
Non-current assets			
Property, plant and equipment	10	**56,708,799**	40,104,499
Total non-current assets		**56,708,799**	40,104,499
TOTAL ASSETS		**70,847,136**	54,549,253
LIABILITIES			
Current liabilities			
Trade and other payables	11	**470,797**	437,772
Provisions	12	**1,074,292**	1,146,617
Borrowings	13	**200,000**	200,000
Other Liabilities	14	**32,517,764**	31,086,422
Total current liabilities		**34,262,853**	32,870,811
Non-current liabilities			
Borrowings	13	**2,616,666**	2,816,666
Provisions	12	**310,697**	356,204
Total non-current liabilities		**2,927,363**	3,172,870
TOTAL LIABILITIES		**37,190,216**	36,043,681
NET ASSETS		**33,656,920**	18,505,572
EQUITY			
Reserves	15	**29,656,297**	12,898,171
Retained surpluses		**4,000,623**	5,607,401
TOTAL EQUITY		**33,656,920**	18,505,572

The accompanying notes form part of these financial statements.

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Retained surpluses $	Bed Licence Reserve $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2021	**5,607,401**	**-**	**12,898,171**	**18,505,572**
Deficit for the year	**(1,606,778)**	**-**	**-**	**(1,606,778)**
Revaluation Increment	**-**	**-**	**16,758,126**	**16,758,126**
Balance at 30 June 2022	**4,000,623**	**-**	**29,656,297**	**33,656,920**

2021

		Retained surpluses $	Bed Licence Reserve $	Asset Revaluation Reserve $	Total $
Balance at 2020		6,158,469	2,375,000	12,898,171	21,431,640
Deficit for the year		(4,437,556)	-	-	(4,437,556)
Transfer from merger with Olive Gardens	1(a)	1,511,488	-	-	1,511,488
Transfer from reserves	1	2,375,000	(2,375,000)	-	-
Balance at 30 June 2021		5,607,401	-	12,898,171	18,505,572

The accompanying notes form part of these financial statements.

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Cash from operating activities:			
Receipts from residents & others		**3,712,498**	4,542,047
Receipts from Department of Health		**5,355,101**	5,006,402
Payments to suppliers and employees		**(10,186,779)**	(10,938,371)
Interest received		**33,244**	118,603
Interest paid		**(110,821)**	(48,923)
Total cash from operating activities	19	**(1,196,757)**	(1,320,242)
Cash flows from investing activities:			
Redemption (Placement) of held-to-maturity assets		**(106,998)**	2,831,221
Proceeds from disposal of investments		**-**	251,543
Payment for property, plant and equipment		**(1,020,449)**	(714,041)
Net cash used by investing activities		**(1,127,447)**	2,368,723
Cash flows from financing activities:			
Borrowings procured/(repaid)		**(200,000)**	(200,001)
Receipts of refundable accommodation deposits and ILU licence fees		**4,997,650**	2,651,500
Payments of refundable accommodation deposits and ILU licence fees		**(3,076,271)**	(5,320,990)
Net cash provided by financing activities		**1,721,379**	(2,869,491)
Net cash increase (decreases) in cash and cash equivalents		**(602,825)**	(1,821,010)
Cash and cash equivalents at beginning of year		**5,677,051**	6,232,408
Cash received through merger with Olive Gardens	1(a)	**-**	1,265,653
Cash and cash equivalents at end of year	7	**5,074,226**	5,677,051

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

(a) General information

The financial report covers Association for Christian Senior Citizens' Homes Inc. as an individual entity. Association for Christian Senior Citizens' Homes Inc. is an association incorporated in Victoria under the *Associations Incorporations Reform Act 2012*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Standard of the Australian Accounting Standards Board (AASB), the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012.* The Association is a not-for-profit entity, which is registered and domiciled in Australia for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The principal activity of Association for Christian Senior Citizens' Homes Inc was the provision of aged care and retirement living to eligible residents in the suburbs of Dandenong North, Eumemmerring and Langwarrin.

On 1 July 2020, effective control and management of Olive Gardens was taken by Association for Christian Senior Citizens' Homes Inc. through an amalgamation of the two associations. The net assets have been provisionally accounted for and all income and expenditure have been recorded in these financial statements from the beginning of the financial year.

The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report was authorised for issue on the same day the Statement by Members of the Board was signed.

(b) Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Income Tax

No provision for income tax has been raised as the Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997.*

The Association is a Public Benevolent Institution and charity registered with the Australian Charities and Not-for-profits Commission.

1. Statement of Significant Accounting Policies

(e) Property, Plant and Equipment

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

Property

Freehold land and buildings are measured on a fair value basis, based on periodic valuations by external independent valuers.

In periods where freehold land and buildings are not subject to independent valuation, the Board conduct Board members' valuations to ensure the carrying amount for the land and buildings are not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the Statement of Income and Expenditure.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the depreciated replacement cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Income and Expenditure during the financial period in which they are incurred.

1. Statement of Significant Accounting Policies

(e) Property, Plant and Equipment

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Association commencing from the time the asset is held ready for use.

Depreciation rates

The estimated useful lives used for each class of depreciable assets are:

Class of Asset	Useful Lives
Buildings	10 - 40 years
Office equipment	3 years
Hostel Equipment	6.6 - 13.3 years
Community Centre Equipment	6.6 - 13.3 years
Nurse Call System	10 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Income and Expenditure and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surpluses.

(f) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL

1. Statement of Significant Accounting Policies

(f) Financial Instruments

Initial Recognition and Measurement

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

Amortised Cost

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income, foreign exchange gains or losses and impairment are recognised in the Statement of Income and Expenditure. Gain or loss on derecognition is recognised in the Statement of Income and Expenditure.

Financial Assets at Fair Value Through Profit or Loss

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

Net gains or losses, including any interest or dividend income are recognised in the Statement of Income and Expenditure (refer to hedging accounting policy for derivatives designated as hedging instruments).

Trade Receivables

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

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

1. Statement of Significant Accounting Policies

(f) Financial Instruments

Initial Recognition and Measurement

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

Other financial assets measured at amortised cost

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

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

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

Impairment

At the end of each reporting period, the Association assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s). Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment of Assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in the Statement of Income and Expenditure, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset’s ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

1. Statement of Significant Accounting Policies

(g) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(i) Leases

The Association has applied AASB 16: Leases.

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

This involves an assessment of whether:

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

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability,

1. Statement of Significant Accounting Policies

(i) Leases

initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

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

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

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

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

Exceptions to lease accounting

The organisation 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 organisation recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Lessor accounting

Contracts with customers contain provisions for accommodation, use of common areas/facilities for provision of care and other services. The organisation has concluded that its contractual arrangements relating to the provision of residential aged care and retirement living accommodation are an operating lease pursuant to AASB 16, being the exclusive right to the use of a room/unit by a resident.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD, the organisation receives a financing benefit, being non-cash consideration, in the form of an interest free loan. On adoption of AASB 16, the fair value of this non-cash consideration is required to be recognised as income (to reflect the interest free loan financing benefit received on RADs) and, correspondingly, interest expense (to record the financial liability associated with RADs at fair value) with no net impact on profit or loss.

The application of AASB 16 for the year ended 30 June 2022 has been calculated based on:

- average RAD balance for the year; and

- interest rate equal to the Maximum Permissible Interest Rate (MPIR) of 4.07% applicable at 30 June 2022, which is a Government set interest rate used to calculate the Daily Accommodation Payment to applicable residents.

1. Statement of Significant Accounting Policies

(j) Revenue

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

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

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

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

Income streams

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Daily Accommodation Payments (DAPs) are recognised as income where a resident has not paid the full balance of a refundable accommodation deposit from the date of entry into permanent care. DAPs may be drawn down from the refundable deposit or paid in cash.

Government grants are recognised on the basis that there is a transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Each agreement is analysed to determine the revenue recognition in accordance with the five step model. Where performance obligations have not been met, it will result in unearned income at year end.

1. Statement of Significant Accounting Policies

(j) Revenue

Deferred Management Fees are recognised based on the individual resident agreements and the average length of stay. See Note 1(m) for further details.

Other 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.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Trade payables

Trade and other payables are stated at cost, which approximates to fair value due to the short term nature of these liabilities. Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Deferred Management Fees - Independent Living Units

Deferred Management Fees are charged for management services provided for assisting the Association in achieving its objectives and are calculated according to the licence agreement and the average length of stay of a resident. For accounting purposes the revenue is recognised for new contracts on a straight line basis.

(m) Refundable Village Licence Fees

Refundable village licence fees have been brought to account as a liability. Refundable licence fees are measured at the principal amount less deferred management fees, plus the resident's share of the capital gains, less expected refurbishment costs based on the current re-licensed values as calculated in accordance with the contract. For accounting purposes the deferred management fee is recognised on a straight line basis and the difference is recognised as unearned income.

(n) Refundable Hostel Accommodation Bonds and Deposits

Accommodation bonds and Refundable Accommodation Deposits for residents in aged care facilities are held in accordance with the *Aged Care Act 1997*. Retention amounts are only deducted from accommodation bonds received from residents who entered care before 30 June 2014 in accordance with the *Aged Care Act 1997*. Retentions are not applicable on refundable accommodation deposits for residents who entered care after 1 July 2014. Residents have a choice of paying their accommodation cost as a refundable lump sum or as a daily payment. Daily payments may be drawn down from a refundable balance or paid in cash. Daily payments are recognised as income per Note 1(j).

Annual prudential compliance statements are lodged with the Department of Health within the required time frame. The accommodation bond liability is recognised when a resident moves into a facility. The net liability is refunded according to the requirements of the Act when a resident leaves. All of these liabilities have been classified as current as the organisation does not have an unconditional right to defer settlement beyond 12 months.

1. Statement of Significant Accounting Policies

(o) Critical accounting estimates and judgments

The Board evaluates estimates and judgments which are incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

(i) Key estimates - Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Depreciated replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Key judgement - Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful life and the depreciation rates are assessed when the assets are acquired or when there is significant change that affects the remaining useful life of the asset.

(iii) Key estimates - Provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

(iv) Key Estimate- Deferred Management Fee

For accounting purposes the Association calculates the deferred management fee on a straight line basis and the difference is recognised as unearned income. Note 1.(m) provides further information on the process of recognition for these unearned deferred management fees.

(v) Fair Value

Land and Buildings are recorded at fair value in accordance with AASB 116 Property, Plant and Equipment. Fair value adopted by the Board has been determined by Independent Valuers in accordance with the requirements of AASB 13 Fair Value Measurement which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Given the not-for-profit nature, the community orientated facilities and the absence of a profit motive the Board have adopted a summation approach to the valuation. The summation approach is a methodology whereby the depreciated replacement cost of the improvement is added to the underlying value of the land. The underpinning assumption of this method is that the assets are capable of continuing to be employed in their current use and that there is no need to wind up the operation.

1. Statement of Significant Accounting Policies

(p) Economic dependence

Association for Christian Senior Citizens' Homes Inc is dependent on the Department of Health and Aged Care for 58% of its revenue used to operate the business. At the date of this report the Board members have no reason to believe the Department of Health and Aged Care will not continue to support Association for Christian Senior Citizens' Homes Inc.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Receivables and payables are stated inclusive of the amount of GST receivable or payable where appropriate. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

2. Revenue

	Note	2022 $	2021 $
Revenue from contracts with customers (AASB 15) recognised over time			
- Commonwealth funding - Department of Health and Aged Care		**5,638,139**	5,958,121
- Resident services fees		**2,670,255**	2,700,964
- Deferred maintenance fees		**695,037**	655,953
Total revenue from contracts with customers (AASB15)		**9,003,431**	9,315,038
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058			
- donations and bequests		**82,675**	154,919
Other income			
- interest received		**41,430**	103,809
- RAD lease finance income	1(j)	**408,280**	444,099
- other revenue		**76,052**	54,874
Total Revenue and Other Income		**9,611,868**	10,072,739

3. Result for the year

	2022 $	2021 $
Finance Costs:		
- accommodation bond/RAD interest	**(11,650)**	(24,041)
- interest expense	**(99,171)**	(24,882)
Depreciation	**(1,165,519)**	(1,144,170)
Defined contribution plans	**(537,014)**	(566,488)
Remuneration of the auditors for		
- audit of financial statements	**(20,650)**	(19,500)
- other services	**(7,350)**	(7,350)

4. Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, is considered key management personnel.

The totals of remuneration paid to key management personnel of the Association during the year are as follows:

	Total
	$
2022	**771,886**
2021	794,163

5. Board of Management Remuneration

No Board members were remunerated during the financial year.

Names and positions held of Board members at any time during the financial year are:

Harold Dykstra	Chair	Resigned 7/2/2022
Theresia Baird		
Joe Harmelink		
Leon Weenink	Treasurer	Resigned 22/11/2021
Abe Polderman		
Nelly Foley		
Bram Vander Jagt	Chair	
Nelleke Arnold		
John Visser	Secretary	
Fenna Schadee Van Dooren		
Harrie Veerman	Vice Chairman	

6. Fair Value Measurement

The Association has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Association does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	2022
	$
Recurring fair value measurements	
Financial assets	
Financial assets held to maturity	
Term Deposits (including interest receivable)	8,665,142
Property, plant and equipment	
Freehold land and buildings	56,165,736
Total	64,830,878

(i) For freehold land and buildings, the fair values are based on a Board's valuation taking into account an external independent valuation, which had used comparable market data for similar properties. See note 1(o)(v) and note 9 for additional information.

7. Cash and cash equivalents

	Note	2022 $	2021 $
Cash on hand		**400**	853
Cash at bank		**5,073,826**	5,676,198
	17	**5,074,226**	5,677,051

8. Trade and other receivables

	Note	2022 $	2021 $
CURRENT			
Trade receivables		**134,377**	179,456
Covid grants receivable		**225,038**	-
Accrued interest receivable		**15,758**	7,572
	17	**375,173**	187,028

9. Financial Assets

	Note	2022 $	2021 $
CURRENT			
Held-to-maturity Investments			
Term deposits		**8,665,142**	8,558,144
	17	**8,665,142**	8,558,144

Term deposits are held with Westpac Banking Corporation with terms ranging from 3 to 12 months.

10. Property Plant and Equipment

	Note	2022 $	2021 $
LAND AND BUILDINGS			
Freehold land			
At valuation	(a)(c)	**33,990,000**	15,615,000
Total freehold land		**33,990,000**	15,615,000
Buildings			
At valuation (2021: cost)	(b)(c)	**22,630,305**	32,160,651
Less accumulated depreciation		**(454,569)**	(8,203,729)
Total buildings		**22,175,736**	23,956,922
Total land and buildings		**56,165,736**	39,571,922
PLANT AND EQUIPMENT			
Capital works in progress			
At cost		**223,183**	95,363
Total capital works in progress		**223,183**	95,363
Plant and equipment			
At cost		**1,805,310**	1,785,142
Less accumulated depreciation		**(1,485,430)**	(1,347,928)
Total plant and equipment		**319,880**	437,214
Total property, plant and equipment		**56,708,799**	40,104,499

10. Property Plant and Equipment

a) As per section 29 of the *Retirement Village Act 1986*, a charge has been placed on the title to secure all ILU resident's interest.

b) In the 2022 financial year, a valuation report was obtained from PP&E Valuations Pty Ltd dated 6 December 2021. Consistent with the valuation report, the Board members resolved to revalue the land of Outlook Gardens, Ebenezer Village and Olive Gardens upwards by $18,375,000 to $33,990,000. As of that date, the buildings were valued at $22,200,000, which is lower than the book value at that date of $23,816,874, the Board members resolved to revalue the buildings of Outlook Gardens, Ebenezer Village and Olive Gardens downwards by $1,616,874 to $22,200,000. As such, the Board members are satisfied that there is no impairment on buildings in the current year. Subsequent asset purchases are recorded at cost.

c) As at 30 June 2022, the title of the land relating to Olive gardens is in the process of being transferred to the Association for Christian Senior Homes Inc.

d) Movements in Carrying Amounts

	Land at valuation	Buildings at valuation	Plant and equipment at cost	Work in progress at cost	Total
	$	$	$	$	$
Balance at the beginning of the year	15,615,000	23,956,922	437,214	95,363	40,104,499
Additions at cost	-	751,848	56,668	211,933	1,020,449
Revaluation surplus/(decrement)	18,375,000	(1,616,874)	-	-	16,758,126
Disposals	-	(5,580)	(3,176)	-	(8,756)
Depreciation	-	(989,504)	(176,015)	-	(1,165,519)
Transfers	-	78,924	5,189	(84,113)	-
Carrying amount at the end of year	33,990,000	22,175,736	319,880	223,183	56,708,799

11. Trade and other payables

	Note	2022 $	2021 $
CURRENT			
Unsecured liabilities:			
Sundry creditors and accruals	17	**328,635**	327,462
Trade payables		**142,162**	110,310
		470,797	437,772

12. Provisions

	2022	2021
	$	$
Current - employee provisions	**1,074,292**	1,146,617
Non-current - employee provisions	**310,697**	356,204
	1,384,989	1,502,821

13. Borrowings

	2022	2021
CURRENT		
Secured liabilities:		
Zero Real Interest Loan	**200,000**	200,000
	200,000	200,000
NON-CURRENT		
Secured liabilities:		
Zero Real Interest Loan	**2,616,666**	2,816,666
	2,616,666	2,816,666
17	**2,816,666**	3,016,666

Zero Real Interest Loan from the Department of Health

The Association entered into an agreement with the Department of Health for a Zero Real Interest Loan of $4,000,000 to fund the construction of a 34-bed extension to the existing hostel facility to accommodate the 36 places allocated through the 2012-13 Aged Care Approvals Round.

On 8 July 2014, the Association made the first drawdown on the loan facility which triggered the starting date of the 2 year period before monthly repayments of principal are required to be made. The loan has a termination date 22 years from 13 June 2014. Loan repayment expected to be due in the next 12 months has been classified as current, with the remaining classified as non-current.

Interest is paid monthly based on the drawdown balance at the current CPI rate. This rate is reviewed on a quarterly basis.

14. Other Liabilities

CURRENT

	Note	2022 $	2021 $
Refundable accommodation bonds and deposits	(a)	**11,251,847**	10,134,393
Refundable ILU resident licence fees	(a)	**19,888,203**	19,604,335
Total resident liabilities	17	**31,140,050**	29,738,728
DMF - Income not yet recognised	(b)	**1,377,714**	1,347,694
Total other liabilities		**32,517,764**	31,086,422

a) The Association holds refundable accommodation deposits and bonds from incoming residents in accordance with the Aged Care Act 1997 and Retirement Village Act 1986 (Vic). All of these liabilities have been classified as current as the Association does not have an unconditional right to defer settlement beyond 12 months.

The Board consider that despite the requirement to disclose the resident liabilities as a current liability for accounting purposes that they will not be required to settle the full obligation in the short term. The Board monitors liquidity and believe it is sufficient.

b) DMF - Income not yet recognised relates to DMF income calculated as per the contracts of residents. For accounting purposes, the income recognition has been calculated on a straight line basis. See note 1(m) for further information.

15. Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets.

16. Contractual Commitments

	2022 $	2021 $
Payable - minimum lease payments:		
- not later than 12 months	**63,314**	1,246,292
- between 12 months and 5 years	**-**	62,468
	63,314	1,308,760

The amounts above relates to the following commitments not recognised as a liability:

- cleaning contract committed for 40 months expiring on 31 October 2022.

17. Financial Instruments

The Association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and resident liabilities.

The Association does not have any derivative financial instruments at year end. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022 $	2021 $
Financial assets			
Cash and cash equivalents	7, (i)	**5,074,226**	5,677,051
Trade and other receivables	8, (i)	**375,173**	187,028
Financial assets - term deposits at amortised cost	9, (ii)	**8,665,142**	8,558,144
		14,114,541	14,422,223
Financial liabilities			
Trade Creditors	11, (i)	**142,162**	110,310
Other creditors and accruals		**328,635**	327,462
Resident liabilities	14, (i)	**32,720,264**	30,776,422
Borrowings	13, (i)	**2,816,666**	3,016,666
		35,350,457	33,575,936
Total		**(21,235,916)**	(19,153,713)

(a) Net Financial Liabilities

The Board have assessed the going concern considerations associated with having a net financial liability position in Note 18.

(b) Net Fair Values

(i) Cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and resident liabilities are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for annual and long service leave which are not considered financial instruments.

(ii) Fair values of held-to-maturity instruments and other financial assets are based on the closing value held at the end of the reporting period.

18. Going concern

As at 30 June 2022, the Association's current liabilities are greater than its current assets by $20,124,516 and a net financial liability of $21,235,916 as disclosed in Note 17. The financial report has been prepared on the going concern basis. The majority of current liabilities are related to Refundable Accommodation Bonds, Refundable Accommodation Deposits, and ILU resident licence fees. The Board believe these liabilities are unlikely to be fully repaid within the next 12 months and that the Association can maintain sufficient liquidity under the prudential standards to enable the organisation to meet its liabilities as and when they become due and payable.

19. Cash Flow Information

Reconciliation of Cash Flow from Operations with the Result for the year

	2022 $	2021 $
Surplus/(Deficit) for the year	**(1,606,778)**	(4,437,556)
Non-cash flows in result		
Write off of bed licences	**-**	2,375,000
Provision for capital gain sharing	**205,000**	310,000
Depreciation	**1,165,519**	1,144,170
Retention income and deferred maintenance fees	**(695,037)**	(655,953)
Net loss/(gain) on disposal of property, plant and equipment	**8,757**	2,978
RAD lease finance income	**(408,280)**	(444,099)
RAD lease finance expense	**408,280**	444,099
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	**(188,145)**	(109,802)
Increase/(decrease) in prepayments	**(2,008)**	(21,788)
Increase/(decrease) in inventories	**745**	(743)
Increase/(decrease) in trade payables and accruals	**33,022**	(112,144)
Increase/(decrease) in provisions	**(117,832)**	185,596
	(1,196,757)	(1,320,242)

20. Events Occurring After the Reporting Date

No 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.

21. Association Details

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

Association for Christian Senior Citizens' Homes Inc
504 Police Road
Dandenong North VIC 3175

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

Statement by Members of the Board

The Board Members have determined that the Association is a reporting entity and that this general purpose financial report (Simplified disclosure standard) should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements, the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Reform Act 2012 (VIC).*

In the opinion of the Board the financial statements as set out on pages 1 to 25:

1. Presents a true and fair view of the financial position of Association for Christian Senior Citizens' Homes Inc. as at 30 June 2022 and of the performance for the year ended on that date.

2. At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

3. The financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Regulations 2013 and the Associations Incorporation Reform Act 2012 (VIC).*

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Board Member ....

Board Member ....

Dated 24/10/2022

Association for Christian Senior Citizens' Homes Inc

ABN 88 081 390 926

Auditor's Independence Declaration

For the Year Ended 30 June 2022

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

(i) no contraventions of the auditor independence requirement set out in Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields

Partner

Blackburn VIC

Dated: 26 August 2022

20 Albert St, Blackburn VIC 3130
T +61 3 9894 2500 F +61 3 9894 1622
contact@sawarddawson.com.au
sawarddawson.com.au

Association for Christian Senior Citizens' Homes Inc

Independent Audit Report to the members of Association for Christian Senior Citizens' Homes Inc

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Association for Christian Senior Citizens' Homes Inc. (the Association) which comprises the statement of financial position as at 30 June 2022, the statement of income and expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by members of the board.

In our opinion, the financial report of Association for Christian Senior Citizens' Homes Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (VIC)*, including:

a. Giving a true and fair view of the registered entity's financial position as at 30 June 2022 and of its financial performance and cash flows for the year ended on that date; and

b. Complying with Australian Accounting Standards - Simplified Disclosure Requirements, Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Associations Incorporation Reform Act 2012 (VIC)*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

20 Albert St, Blackburn VIC 3130
T +61 3 9894 2500 F +61 3 9894 1622
contact@sawarddawson.com.au
sawarddawson.com.au

Association for Christian Senior Citizens' Homes Inc

Independent Audit Report to the members of Association for Christian Senior Citizens' Homes Inc

Board's Responsibility for the Financial Report

The Board of the Association is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation in accordance with Australian Accounting Standards - Simplified Disclosure Standard (including the Australian Accounting Interpretations) is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012 (VIC)*, the *Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Nor-for-profits Commission Regulations 2013* and is appropriate to meet the needs of members. The Board's responsibility also includes establishing and monitoring such internal controls as the board members determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatements, whether due to fraud or error.

In preparing the financial report, the Board members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Association.

20 Albert St, Blackburn VIC 3130
T +61 3 9894 2500 F +61 3 9894 1622
contact@sawarddawson.com.au
sawarddawson.com.au

Association for Christian Senior Citizens' Homes Inc

Independent Audit Report to the members of Association for Christian Senior Citizens' Homes Inc

- Conclude on the appropriateness of the Association'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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields

Partner

Blackburn, VIC

Dated: 26 August 2022

20 Albert St, Blackburn VIC 3130
T +61 3 9894 2500 F +61 3 9894 1622
contact@sawarddawson.com.au
sawarddawson.com.au