

Ukrainian Elderly People's Home trading as Kalyna Care

**Financial Report
2014 - 2015**

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32nd Annual Report

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Directors' Report

Your Directors present their report on the company for the financial year ended 30 June 2015.

Principal Activities of the Company

The company's principal activities are the provision of Aged Care services to the community utilising self-generated and Federal funds.

These principal activities assist in achieving the short term and long term objectives of the company by:

- Enabling Kalyna Care to continue to be the provider of choice for the Ukrainian and broader multicultural community
- Continue to embrace its Ukrainian heritage and remains true to the vision set by our founding members
- Providing non-financial outcomes in response to funding body agreements
- Providing turnover, cash flow and surplus to meet the financial objectives of the company

Directors' Information Directors

The names of the Directors in office at any time during, or since the end of the year and the period that each Director has been in office:

Director's Name	Special Responsibilities	Period as Director	Qualifications and Experience
Halja Bryndzia	Chair	Appointed 26/04/12 Appointed to Chair 16/11/14	Associate Diploma of Business (Marketing), Certificate in Governance Practice (GIA) and Sales and Marketing background obtained in Book Publishing, Food Manufacturing and Retail industries.
Andrew Matiszak	Deputy Chair	Appointed 30/11/08	Dip. Civil Engineering, Grad Cert. Performance Based Building and Fire Codes. Registered Building Surveyor, Building Inspector and Draftsperson. Directorships: - Overnewton Anglican Community College - Building Practitioners Board of Victoria - M&K Building Consultants P/L – Matas Investment P/L. Member of: AIBS, IIEA, IAA. Over 30 years experience in community based Boards and committees.
Yuri Majka		Appointed 06/12/07 Resigned 21/04/15	B. Commerce (UMelb), Dip Education, Grad Dip Business Computing, (VU), Cert. IV in Training and Assessment and CPA. Has experience as a Workforce Planning and Training Specialist and Internal Quality Assurance Auditor.
Manny Stamatopoulos		Appointed 25/11/12	Experienced businessman with a semi legal background. An additional 10 years experience in Risk Management Insurance and Claims as well as a further 6 years in Sales and Marketing. Has 16 years experience as a Board member in Not for Profit organisations of which 10 years were as the Chairman of the Board. Is Chairman of the Board of a publicly listed company and a Director of a further 6 companies.

Director's Name	Special Responsibilities	Period as Director	Qualifications and Experience
Basil Chamula		Appointed 24/04/13	B.Sc. (Monash), B.Ec (Latrobe), MHA (UNSW) and is the Executive Director of Sovereign Health. Has 10 years experience as a Clinical Biochemist as well as a further 5 years as a Manager of Human Resources at the Royal Children's Hospital. Director, General Services & Special Projects (RCH), 20 years experience as an Independent Consultant in Management of Diagnostic Services and 5 years experience as a Manager and Director of private health and hospital services.
Borys Anin		Appointed 19/03/15	B.Ec. (Monash), LL. B. (Melbourne). An Australian Legal Practitioner with 32 years experience specialising in Insurance & Personal Injury Law. Managed Private Practice and currently operating as a Legal Costs consultant.
James (Jim) Miller		Appointed 03/08/15	MBA, CPA has practiced accounting for over 45 years including as an Auditor and Forensic Accountant. Former member of the Board of Coles Myer Ltd, former member of the Coles Myer Board Audit Committee and former Director of Coles Myer Finance.
Marko Misko		Appointed 24/08/15	Partner of national law firm Clayton Utz since 1999 and heads the firm's Commonwealth infrastructure practice. Specialises in all aspects of infrastructure, including design, construction, financing, operation, maintenance, remediation and disposal. Acted for Kalyna Care on its last development project in 2010 and will provide the legal services to the Vision 2025 development. Involved in the Not-For-Profit sector at a number of levels including; a Director on the Board of the Dnister Ukrainian Credit Co-operative Limited since 2009; the Chair of the Ukrainian Studies Support Fund; a member of the Board of Roads Australia and a member of the board of Infrastructure Sustainability Council of Australia (ISCA).

The following persons were Directors of the Company during the year:



From left to right:

Top: Halja Bryndzia (Chair), Andrew Matiszak (Deputy Chair), Yuri Majka, Manny Stamatopoulos, Basil Chamula, Borys Anin, James (Jim) Miller and Marko Misko.

Committee Membership

Composition of these committees is:

	Governance	Strategic Planning	Remunerations & Nominations
Audit, Risk & Compliance			
Y Majka (c) Resigned 21/04/15	M Stamatopoulos (c)	B Chamula (c) H Bryndzia	H Bryndzia (c) A Matiszak
A Matiszak (c) Appointed 14/05/15	H Bryndzia A Matiszak	A Matiszak M Stamatopoulos	M Stamatopoulos
M Stamatopoulos J Miller	J Miller (n) B Anin (n)	Y Majka Resigned 21/04/15	
A Melnychuk		G Sawczyn Resigned 10/03/15 B Anin (n)	

(c) Designates Chair of the committee

(n) Designates new member of the committee

Meetings of Directors

During the financial year, 11 meetings of Directors (including committees of Directors) were held and the attendances by each Director during the year were as follows:

	Directors' Meetings		Audit, Risk & Compliance		Governance		Strategic Planning		Remunerations & Nominations	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Halja Bryndzia	11	10	3	3	5	5	4	4	1	1
Andrew Matiszak	11	10	5	5	5	5	4	4	1	1
Manny Stamatopoulos	11	8	5	4	5	5	4	3	1	1
Basil Chamula	11	10	-	-	-	-	4	4	-	-
Yuri Majka	8	6	3	3	-	-	2	1	-	-
Borys Anin	4	4	-	-	2	2	2	2	-	-

Short Term Objectives of the Company

The company has identified the following short term objectives:

- To meet the service outcomes required under funding agreements with Federal and State governments;
- To meet continued financial viability and accountability requirements; and
- To provide a workplace that is compliant with industry standards and the Fair Work Act.

The company has adopted the following strategies for achievement of these short term objectives:

- The preparation of a work plan to achieve the service outcomes identified under the funding agreements and allocation of the expected service outcomes over the funding period for periodic reporting to funding bodies, Management and the Directors;
- The preparation of an annual budget for financial performance and the regular review of the company performance against the budget by Management and Directors; and
- The review of the company's compliance with Work Health and Safety, and compliance with employment law including the Fair Work Act.

LONG TERM OBJECTIVES OF THE COMPANY

The company has identified the following long term objectives:

- To grow awareness and resources to promote and provide residential and community care services across Victoria;
- To remain financially sustainable; and
- To grow the company operations in accordance with member and community interests.

The company has adopted the following strategies for achievement of these long term objectives:

- The preparation of a business and strategic plan to identify the opportunities and strengths of the company to provide sustainable residential and community services across Victoria.
- The preparation of a marketing plan to communicate long term objectives to the community, funding bodies, government and employees;
- The preparation of long term budgets that consider the uncertainty of recurrent government grant funding, infrastructure needs, service delivery, employment costs and maintaining prudent levels of working capital and liquidity in investment of funds surplus to current needs; and
- The establishment of a governance framework that ensures policies of the company are acted upon and applied in practise.

Performance Measurement

The company uses the following key performance indicators to measure performance:

1. Service Outcomes

The service outcomes for the 2015 financial year were in accordance with standards set for the delivery of Aged Care. The funding body requirements were met according to the Accreditation standards (non-financial requirements) set for the funding of Aged Care services.

2. Operating Surplus

Surplus for the financial year was \$1,520,020 (including bequests of \$603,999), prior to revaluation decrement of land and buildings.

3. Cash Flow From Operating Activities

Cash flow from operating activities for the financial year was \$1,991,127 compared to the cash in flow from operating activities for 2014 of \$1,300,414.

4. Membership

Membership for the financial year was 132.

5. Compliance

- a) The company has complied with all Work Health and Safety, Employment and Environmental reviews.
- b) The company maintained full compliance with all covenant requirements imposed by external financiers with mortgage debt declining from \$4,055,383 in 2014 to \$3,378,164 in 2015.

Membership Details

The company is incorporated as a company limited by guarantee that requires the members of the company to contribute an amount not exceeding \$100 per member towards the company liabilities on the winding up of the company.

Membership Class	Number of Members	Individual Members Contribution on Winding Up of the Company	Total Members Contribution on Winding up of the Company
Life Members	6	\$100	\$600
Ordinary Members	126	\$100	\$12,600
Totals	132		\$13,200

UKRAINIAN ELDERLY PEOPLE'S HOME LTD TRADING AS KALYNA CARE

ACN 006 305 844

DIRECTORS' REPORT

30 JUNE 2015

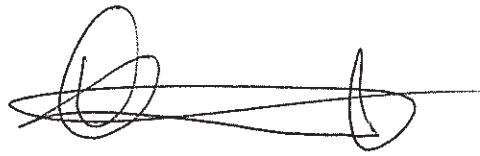
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under the *Australian Charities and Not-For-Profits Commission Act 2012* as set out at page 8.

Signed in accordance with a resolution of the Board of Directors on 24 September 2015.



Halja Bryndzia (Director & Chair)
18 day of September 2015



Andrew Matiszak (Director & Deputy Chair)
20 day of September 2015

Auditor Independence Declaration under 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

- 1) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- 2) No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE



Ryan Leemon

Partner

MELBOURNE, Victoria
Date: 5th October 2015

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Statement of Comprehensive Income***For the year ended 30 June 2015*

	Notes	2015	2014
		\$	\$
Income			
Resident Fees		2,364,412	2,238,214
Government Subsidies		6,161,922	5,607,869
Donations		6,989	5,560
Bequests		603,999	-
Interest Received		127,201	162,190
Fair Value Adjustment – Interest Rate SWAP		114,608	220,222
Miscellaneous Income		60,448	45,754
Grants Received		5,241	12,360
	2	9,444,820	8,292,169
Expenses			
Overheads		685,670	617,890
Utilities		289,133	292,482
Food		391,745	369,799
Employee Benefits	3	5,472,181	5,305,259
Repairs & Maintenance		275,559	176,303
Depreciation & Amortisation	4	529,449	536,832
Loan Interest		281,063	384,598
		7,924,800	7,683,163
Surplus for the year		1,520,020	609,006
Other Comprehensive Income/(Expenses)			
Revaluation decrement		(1,022,228)	-
Total Comprehensive income for the year		497,792	609,006

The accompanying notes form part of these financial statements.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Statement of Financial Position**

For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	5	165,901	216,806
Trade and other receivables	6	137,157	1,265,090
Inventories	7	4,065	4,065
Financial Assets	8	2,911,387	1,571,372
Other Assets	9	55,046	66,738
Total Current Assets		3,273,556	3,124,071
Non-Current Assets			
Property, plant & equipment	10	17,460,631	18,801,086
Intangible Assets	11	15,957	15,441
Total Non-Current Assets		17,476,588	18,816,527
Total Assets		20,750,144	21,940,598
Current Liabilities			
Trade and other payables	12	251,322	348,503
Borrowings	13	7,950,137	12,165,946
Derivative Financial Instruments	14	-	114,608
Provisions	15	643,954	546,709
Other Liabilities	16	93,137	83,513
Total Current Liabilities		8,938,550	13,259,279
Non-Current Liabilities			
Borrowings	13	2,639,734	18,275
Provisions	15	42,416	31,392
Total Non-Current Liabilities		2,682,150	49,667
Total Liabilities		11,620,700	13,308,946
Net Assets		9,129,444	8,631,652
Equity			
Assets Revaluation Reserve		2,314,059	3,336,287
Bequest Reserve	17	603,999	-
Retained Surplus		6,211,386	5,295,365
Total Equity		9,129,444	8,631,652

The accompanying notes form part of these financial statements.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Statement of Changes in Equity***For the year ended 30 June 2015*

2015	Retained Profit \$	Assets Revaluation Reserve \$	Bequest Reserve \$	Total Equity \$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	5,295,365	3,336,287	-	8,631,652
Surplus for the year	1,520,020	-	-	1,520,020
Revaluation increment / (decrement)	-	(1,022,228)	-	(1,022,228)
Transfer to bequest reserve	(603,999)	-	603,999	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	6,211,386	2,314,059	603,999	9,129,444

2014	Retained Profit \$	Assets Revaluation Reserve \$	Bequest Reserve \$	Total Equity \$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	4,686,359	3,336,287	-	8,022,646
Surplus for the year	609,006	-	-	609,006
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	5,295,365	3,336,287	-	8,631,652

The accompanying notes form part of these financial statements.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2015

	2015 \$	2014 \$
	Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments (inclusive of goods and services tax)		
Employee costs	(5,529,209)	(5,262,998)
Interest on Loan	(281,063)	(384,598)
Payments to suppliers & others	(1,682,499)	(1,589,170)
	<u>(7,492,771)</u>	<u>(7,236,766)</u>
Receipts (inclusive of goods and services tax)		
Resident Fees	2,388,299	2,560,202
Interest	125,040	162,190
Other	793,814	178,184
Government Receipts		
Subsidies	6,176,745	5,636,606
	<u>9,483,898</u>	<u>8,537,180</u>
Net cash provided by operating activities	21	1,991,127
		1,300,414
CASH FLOWS FROM INVESTING ACTIVITIES		
(Payments for) / Proceeds from:		
Property, plant and equipment	(205,892)	(221,883)
Intangible Assets	(9,775)	(3,724)
Investment in term deposit	(20,000)	868,405
Net cash used in investing activities	(235,667)	642,798
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) of Resident/Unit Bonds/RAD's	196,532	(1,392,562)
Repayment of Mortgage Loans	(677,223)	(1,682,495)
Proceeds / (Repayment) of finance leases	(5,659)	21,458
Net cash provided by financing activities	(486,350)	(3,053,599)
NET INCREASE/(DECREASE) IN CASH HELD	1,269,110	(1,110,387)
Cash at the beginning	1,788,178	2,898,565
CASH AT THE END	5	3,057,288
		1,788,178

The accompanying notes form part of these financial statements.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Ukrainian Elderly People's Home Ltd. Ukrainian Elderly People's Home Ltd trading as Kalyna Care an individual entity, incorporated and domiciled in Australia. Ukrainian Elderly People's Home Ltd trading as Kalyna Care is a company limited by guarantee.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and associated regulations; and the requirements of Section 60.40 of the *Australian Charities and Not-for-profits Commission regulation 2013* (ACNC Regulation).

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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 financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going Concern

The statement of financial position shows a deficit in working capital (current assets less current liabilities) at 30 June 2015 of \$5,664,994 (2014: \$10,135,208). Current liabilities include resident funded loans in the form of residents' entry contributions, accommodation bonds and refundable accommodation deposits (RAD's) which are repayable at call, subject to applicable conditions. Historical turnover statistics indicate that only a small percentage of resident funded loans are likely to be required to be repaid within the next twelve months.

Notwithstanding the above circumstances, Directors believe operational resources and cash reserves are sufficient to meet all financial commitments as and when they fall due for the coming 12 month period.

As a result of the above, Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting Policies

a) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Resident Fees

Residents are liable to pay basic daily fee, means tested care fee and accommodation charges under the government's determination based on the Aged Care Act 1997. These fees are recognised as revenue when the service is provided. This is normally undertaken on a monthly basis.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Grant Income

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amounts of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Retention Fees

Monthly retention fees are deducted from each bond account according to statutory requirements and are recognised as revenue.

Government subsidies

Government subsidies are funding under government determinations and are recognised as revenue when the service is provided.

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

Interest Revenue

Interest is recognised using the effective interest method.

b) Income Tax

As the company is a charitable entity in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

c) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when appropriate for any loss of service potential.

d) Property, Plant and Equipment

Property

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using both the diminishing value and prime cost basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Furniture and Fixture	20% - 30%
Office equipment	20% - 40%
Plant and equipment	20% - 30%
Motor vehicles	22.5%

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

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Financial Instruments

Recognition

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortization process and when the financial asset is derecognised.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortization process and when the financial asset is derecognised.

(iv) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortization process and when the financial liability is derecognised.

g) Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset 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 that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganization; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognizes the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Impairment of Assets

At the end of each reporting period, the entity 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 profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation Model AASB 116). 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 entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Employee Benefits

Provision is made for the company'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 the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

j) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is possible that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Intangibles

Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and five years. It is assessed annually for impairment.

m) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

n) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services rendered by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

p) Accommodation Bonds and Refundable Accommodation Deposits (RAD)

Accommodation bonds are measured at the principal amount less retention amounts permitted under the Aged Care Act (1997).

All Accommodation Bonds and Refundable Accommodation Deposits (RAD's) are recognised as current liabilities in accordance with *AASB101 Presentation of financial statements*; however, historical turnover statistics indicate that only a small percentage of Accommodation Bonds or Refundable Accommodation Deposits (RAD's) are likely to be required to be repaid within the next twelve months. The rolling nature of resident funded Accommodation Bonds or Refundable Accommodation Deposits (RAD's) is such that the repayment of a bond is usually offset by a new resident funded RAD.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

q) Comparative Figures

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

Specifically, it was identified that prior year outstanding resident bonds totalling \$1,108,000 was incorrectly classified within the Cashflow Statement through "Operating Activities", rather than "Financing Activities", this resulted in an adjustment to each category for the amount outstanding. In the interest of ensuring accurate disclosure within the cashflow statement, interest payments were also adjusted to remove from payment to suppliers and disclose as a standalone line item, in accordance with the requirements of *AASB107: Statement of Cash Flows*, details as follows:

	2014 audited balance	Adjustment	2014 revised balance
CASHFLOWS FROM OPERATING ACTIVITIES			
<i>Payments</i>			
Payments to suppliers	(1,973,768)	384,598	(1,598,170)
Interest payment	-	(384,598)	(384,598)
<i>Receipts</i>			
Resident fees	1,452,202	1,108,000	2,560,202
Net cash provided by operating activities	192,414	1,108,000	1,300,414
CASHFLOWS FROM FINANCING ACTIVITIES			
Repayment of Resident/Unit Bonds/RAD's	(284,562)	(1,108,000)	(1,392,562)
Net cash provided by financing activities	(1,945,599)	(1,108,000)	(3,053,599)
STATEMENT OF COMPREHENSIVE INCOME			
Overheads	570,415	47,475	617,890
Loan Interest	432,073	(47,475)	384,598

There is no impact on statement of financial performance as a result of the above.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

r) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Key Estimates

Employee Benefits

As discussed in note 1(i), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
Note 2		
REVENUE FROM CONTINUING OPERATIONS		
ORDINARY ACTIVITIES		
Resident Fees	2,364,412	2,238,214
Government Subsidies	6,161,922	5,607,869
Interest received	127,201	162,190
Fair Value Adjustment – Interest Rate SWAP	114,608	220,222
Grant Received	5,241	12,360
Miscellaneous Income	60,448	45,754
	<u>8,833,832</u>	<u>8,286,609</u>
OTHER ACTIVITIES		
Donations	6,989	5,560
Bequest	603,999	-
	<u>610,988</u>	<u>5,560</u>
TOTAL	<u>9,444,820</u>	<u>8,292,169</u>
Note 3		
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	4,763,792	4,616,258
Superannuation	445,518	420,903
Other employment costs (includes workcare and oncosts)	262,871	268,098
	<u>5,472,181</u>	<u>5,305,259</u>
Note 4		
DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation & amortisation was charged in respect of:		
Buildings & Improvements	396,511	386,586
Furniture & Fixtures	80,132	94,081
Office Equipment	22,542	20,838
Plant & Equipment	20,220	23,522
Motor Vehicles	4,105	1,952
Computer Software	5,939	9,853
	<u>529,449</u>	<u>536,832</u>

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
Note 5		
CASH AND CASH EQUIVALENTS		
Cash on hand	8,866	4,429
Cash at bank	157,035	212,377
	<u>165,901</u>	<u>216,806</u>

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	165,901	216,806
Add Investments (See Note 8)	2,891,387	1,571,372
Balances per cash flow statement	<u>3,057,288</u>	<u>1,788,178</u>

Note 6 **TRADE AND OTHER RECEIVABLES**

Resident Fees	30,528	63,261
Bonds Receivable	-	1,108,000
Interest receivable on Bond Held	57,117	42,706
Accrued Income	26,756	37,521
Net GST Recoverable	22,756	13,602
	<u>137,157</u>	<u>1,265,090</u>

Note 7 **INVENTORIES**

Food	1,200	1,200
Cleaning supplies	2,865	2,865
	<u>4,065</u>	<u>4,065</u>

Note 8 **FINANCIAL ASSETS**

Current		
Term of Investment - 3 months	2,890,137	1,570,122
Term of Investment - 12 months	20,000	-
Cash Management Account	1,250	1,250
	<u>2,911,387</u>	<u>1,571,372</u>

All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 3.00% and 4.30% per annum.

Note 9 **OTHER ASSETS**

Prepayments	55,046	66,738
	<u>55,046</u>	<u>66,738</u>

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$	2014 \$
Note 10		
PROPERTY, PLANT & EQUIPMENT		
Land & Building at fair value		
Land & Building at fair value	16,950,000	19,021,259
Less Accumulated Depreciation	-	(768,442)
	<u>16,950,000</u>	<u>18,252,817</u>
Furniture & Fixtures		
At Cost	860,646	807,964
Less Accumulated Depreciation	(527,277)	(447,145)
	<u>333,369</u>	<u>360,819</u>
Office Equipment		
At Cost	177,695	163,645
Less Accumulated Depreciation	(106,333)	(83,791)
	<u>71,362</u>	<u>79,854</u>
Plant & Equipment		
At Cost	249,218	226,589
Less Accumulated Depreciation	(156,943)	(136,723)
	<u>92,275</u>	<u>89,866</u>
Motor Vehicles		
At Cost	64,557	64,557
Less Accumulated Depreciation	(50,932)	(46,827)
	<u>13,625</u>	<u>17,730</u>
	<u>17,460,631</u>	<u>18,801,086</u>

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning of the current financial year are set out below:

2015	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicles	Total
Carrying amount at 1/7/14	18,252,817	360,819	79,854	89,866	17,730	18,801,086
Additions	115,921	52,897	14,443	22,629	-	205,890
Disposals	-	(215)	(393)	-	-	(608)
Revaluations	(1,022,228)	-	-	-	-	(1,022,228)
Depreciation	(396,511)	(80,132)	(22,542)	(20,220)	(4,105)	(523,510)
Carrying amount at 30/6/15	16,950,000	333,369	71,362	92,275	13,625	17,460,631

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

Note 10 PROPERTY, PLANT & EQUIPMENT (Cont'd)

2014	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicles	Total
Carrying amount at 1/7/13	18,494,447	444,222	69,411	96,447	1,654	19,106,181
Additions	144,956	10,678	31,281	16,941	18,028	221,884
Disposals	-	-	-	-	-	-
Depreciation	(386,586)	(94,081)	(20,838)	(23,522)	(1,952)	(526,979)
Carrying amount at 30/6/14	18,252,817	360,819	79,854	89,866	17,730	18,801,086

Note 11 INTANGIBLE ASSETS

	2015 \$	2014 \$
Computer Software		
At Cost	22,774	30,325
Less Accumulated Depreciation	(6,817)	(14,884)
Net Carrying Value	15,957	15,441

2015	Computer Software
Carrying amount at 1/7/14	15,441
Additions	9,775
Write Off	(3,320)
Amortisation charge	(5,939)
Carrying amount at 30/6/15	15,957

2014	Computer Software
Carrying amount at 1/7/13	21,570
Additions	3,724
Write Off	-
Amortisation charge	(9,853)
Carrying amount at 30/6/14	15,441

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
Note 12		
TRADE AND OTHER PAYABLES		
Current		
Accrued Expenses	118,704	41,290
Payables	84,445	80,271
Credit Cards	3,777	-
Payroll Clearing	-	152,094
PAYG Withholding Tax	44,396	74,848
	<u>251,322</u>	<u>348,503</u>

Creditors are unsecured and interest free. Settlement generally occurs within 30 days of invoice.

Note 13		
BORROWINGS		
Current		
Refundable Accommodation Deposit (RAD)	857,626	-
Accommodation Bonds – Residents	5,420,738	6,569,203
Accommodation Bonds - Independent Living Units	917,543	1,538,177
Mortgage Loan	750,703	4,055,383
Lease	5,150	5,150
Future Finance Charges	(1,623)	(1,967)
	<u>7,950,137</u>	<u>12,165,946</u>
Non-Current		
Lease	14,404	21,816
Mortgage Loan	2,627,461	-
Future Finance Charges	(2,131)	(3,541)
	<u>2,639,734</u>	<u>18,275</u>

The mortgage loan is secured by a fixed and floating charge over the assets of Kalyna Care. Further, during the financial year the company refinanced all finance previously with Westpac to Dnister Ukrainian Credit Co-Operative Ltd.

Note 14		
DERIVATIVE FINANCIAL INSTRUMENTS		
Fair Value Interest Rate SWAP liability (Westpac)	-	114,608
	<u>-</u>	<u>114,608</u>

This derivative financial instrument commenced on 24th March 2011, and expired on 24th December 2014.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
Note 15		
PROVISIONS		
Current		
Employee benefits		
Annual leave	363,176	307,357
Long Service Leave	280,778	239,352
	<u>643,954</u>	<u>546,709</u>
Non-Current		
Employee benefits		
Long Service Leave	42,416	31,392
	<u>42,416</u>	<u>31,392</u>
Provision for Annual Leave		
Balance at the beginning of the year	307,357	276,155
Amount charged to the provision during the year	(225,353)	(243,182)
Amount provided during the year	281,172	274,384
Balance at end of the year	<u>363,176</u>	<u>307,357</u>
Provision for Long Service Leave		
Balance at the beginning of the year	270,744	262,279
Amount charged to the provision during the year	24,432	(34,941)
Amount provided during the year	28,018	43,406
Balance at end of the year	<u>323,194</u>	<u>270,744</u>
Note 16		
OTHER LIABILITIES		
Current		
Government subsidy paid in advance	4,058	-
Income received in advance	88,984	83,457
Prepaid membership fees	45	56
Residents' monies	50	-
	<u>93,137</u>	<u>83,513</u>
Note 17		
BEQUEST RESERVE		
The Late Ms Maja Hrudka	532,754	-
The Late Mrs Bohdanna Tarnawsky	32,786	-
The Late Mrs Vale Bacinskas	38,459	-
	<u>603,999</u>	<u>-</u>

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2015

	2015	2014
	\$	\$
Note 18		
KEY MANAGEMENT PERSONNEL COMPENSATION		
The totals of remuneration paid to key management personnel of the company increased during the year due to annual salary increases.		
Key Management personnel compensation	459,000	441,000
	<u>459,000</u>	<u>441,000</u>
Note 19		
COMMITMENTS		
<i>Lease commitments - financing</i>		
Committed at the reporting date and recognised as liabilities payable:		
Within one year	5,150	5,150
One to five years	14,404	21,816
	<u>19,554</u>	<u>26,966</u>
Note 20		
REMUNERATION OF AUDITORS		
Amounts received, or due and receivable, by the auditors of this facility for the following:		
Audit services	15,000	12,000
	<u>15,000</u>	<u>12,000</u>
Note 21		
RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		
Net surplus	1,520,020	609,006
Non cash items		
Loss on write off/loss of assets	3,930	-
Fair Value Adjustment – Interest Rate SWAP	(114,608)	(220,222)
Depreciation/Amortisation	529,449	536,832
	<u>418,771</u>	<u>316,610</u>
Change in operating assets and liabilities		
Decrease (Increase) in resident fees receivable	18,322	321,988
Decrease (Increase) in accrued income	10,765	12,233
Decrease (Increase) in other debtors	(9,153)	72,557
Decrease (Increase) in other assets	11,692	(11,848)
Decrease (Increase) in inventory	-	(715)
Increase (Decrease) in trade and other payables	(97,183)	(72,816)
Increase (Decrease) in other creditors	9,624	13,733
Increase (Decrease) in provisions	108,269	39,666
	<u>52,336</u>	<u>374,798</u>
Net cash inflow (outflow) from operating activities	<u>1,991,127</u>	<u>1,300,414</u>

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2015

Note 22 RELATED PARTIES

Directors

The names of persons who were Directors of the Company at 30 June 2015 were:

Halja Bryndzia (Chair)
Andrew Matiszak (Deputy Chair)
Manny Stamatopoulos
Basil Chamula
Borys Anin

Transactions with Directors and Director-related entities

New Director post 30 June 2015 namely James (Jim) Miller is a supplier of forensic services through his entity James Miller Forensics, value of transactions were \$11,720 (2014: \$16,950).

Note 23 MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting outstanding obligations of the company. At 30 June 2015 the number of members was 132 (2014: 140)

Note 24 COMPANY DETAILS

The company is limited by guarantee, and incorporated in Australia. Its registered office and principal place of business is 344 Taylors Road, Delahey, Victoria, 3037.

Note 25 CONTINGENCIES

During the financial year the company continued to engage with Westpac seeking amendment to the terms of a derivative financial instrument (Interest Rate Swap Transaction) imposed on the organisation since March 2011 as reflected at Note 14. The entity has engaged an external consultant to review all documentation and enter into further negotiation with Westpac on its behalf. As at the time of the audit report, there was no resolution to the matter.

Except for the above matter, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may affect the operations of the company, the results of those operations, or the state of affairs of the company in future years.

Note 26 EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may affect the operations of the company, results of those operations, or the state of affairs of the company in future years.

DIRECTORS' DECLARATION

30 JUNE 2015

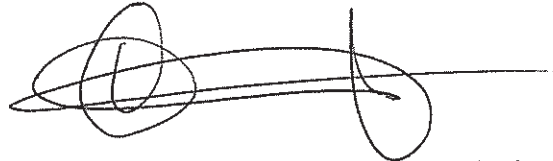
The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 28 are in accordance with the requirements of the *Australian Charities and Not-for-profits Act 2012* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company; and
2. In the Director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission regulation 2013 and the Board resolution on 24 September 2015



Halja Bryndzia (Director & Chair)
28 day of September 2015



Andrew Matiszak (Director & Deputy Chair)
28 day of September 2015



Independent Auditor's Report to the Members of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care

Report on the financial report

We have audited the accompanying financial report of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care (the company), which comprises the statement of financial position as at 30 June 2015, the statement of 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 directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-For-Profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-For-Profits Commission Act 2012*, provided to the directors of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion, the financial report of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



CROWE HORWATH MELBOURNE



RYAN LEEMON
Partner

Melbourne, Victoria
Date: 5th October 2015