

**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**Financial Report for the Year Ended 30 June 2020**

# Australian Croatian Community Services Limited

ABN 64 270 128 675

## DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2020. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), the directors report as follows:

The entity has transferred its registration from an Incorporated Association to a company limited by guarantee with the Australian Securities and Investments Commission effective from the 23<sup>rd</sup> January 2019

### Directors

The names of each person who has been a director during the year (from the 23<sup>rd</sup> January 2019 and to the date of this report) are:

Jenny Matic	Michael Pernar
Dr Miro Ljubicic	Ecija Fiamengo (until November 2019)
Slavko Bilos	Steven Milicevic (from February 2020)
Boris Jakovac	Meredith Adams (from February 2020)
Amanda Jakovac	

Directors have been in office since the date of incorporation (23<sup>rd</sup> January 2019). The President's role was assumed by Ms Jenny Matic.

### Company Secretary

The following persons held the position of entity secretary during the financial year:

Franci Buljat was appointed as Secretary on 23<sup>rd</sup> January 2019 and continues in that role as at the date of this report.

### Principal Activities

The principal activity of the entity during the financial year was the provision of community and aged care services to the Croatian born Victorians and broader community.

No significant changes in the nature of the entity's activity occurred during the financial year.

### Operating Results

During the year, the entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. The profit for the year amounted to \$665,549 (2019 \$299,652).

### Review of Operations

ACCS receives majority of its funding through Commonwealth and State Grants. The nature of those grants drives the operation of the Entity.

Australian Croatian Community Services Limited

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DIRECTORS' REPORT








**PROGRESS ON OUR STRATEGIC PRIORITIES**







<b>Goal 1: Grow in Size, Reputation and Recognition</b>	<b>2019-20 Target</b>	<b>2019-20 Actual</b>	<b>✓ ✗</b>
Number of in home care recipients (Home Care Packages)	≤ 236	261	✓
Number of basic support services recipients through CHSP program	≤ 61	64	✓
Number of Men's Group participants	11	11	✓
Number of activity group participants	≤ 91	117	✓
Total number of recipients of care and participants in our programs	399	453	✓
Number of volunteers supporting our services	35	36	✓
Number of students - Croatian language classes	≤ 115	91	✗
Number of students - computer classes	≤ 45	45	✓
Number of third party endorsement applications completed	≤ 2	2	✓
% of Clients satisfied or very satisfied with our services	≤ 95	98%	✓
Number of social capital building activities	≤ 6	6	✓
Number of website visits	≤ 5,500	5,786	✓
Number of digital advertising impressions	≤ 200	216	✓
Number of radio sessions/ mentions	≤ 30	42	✓
Number of print media impressions	≤ 20	28	✓
% of staff vehicles with access to ACCS magnetic branding	≤ 100	100	✓

<b>Goal 2: Build a Skilful, Agile, Responsive Workforce</b>	<b>2019-20 Target</b>	<b>2019-20 Actual</b>	<b>✓ ✗</b>
Staff completed mandatory sector training within specified timelines	100%	100%	✓
Upskilling opportunities in line with professional growth discussions completed	100%	100%	✓
Annual staff upskilling budget prepared for Board consideration.	Prepared	Prepared	✓
Annual submission for equipment to support seamless and safe service delivery prepared for Board consideration.	Prepared	Prepared	✓
Develop an annual recruitment strategy, and budget submission for Board consideration.	Prepared	Prepared	✓
By December 2020 - Work with key stakeholders to test viability of Labor Agreements to address significant bi-lingual staff shortage.	n/a	n/a	n/a
By December 2020 - Work with key stakeholders to test viability of alternative training and employment mechanism to facilitate recruitment of bi-lingual staff from overseas.	n/a	n/a	n/a
Bi-lingual direct care works	100%	100%	✓

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<b>Goal 3: Empower Individuals and Advocate for Positive Outcomes</b>	<b>2019-20 Target</b>	<b>2019-20 Actual</b>	 
Number of information sessions about current issues, services and how to access them delivered	2	2	
By 30 June 2020 - Recruitment of Community Liaison Officer	Recruited	Recruited	
ACCS membership and participation in Ethnic Community Council advocacy activities.	Met	Met	
ACCS membership and participation in Age Care Peak Body advocacy activities.	Met	Met	
ACCS advocacy on behalf of clients and the broader community	Met	Met	

<b>Goal 4: Celebrate, Practice and Preserve Culture and Heritage</b>	<b>2019-20 Target</b>	<b>2019-20 Actual</b>	 
Number of celebrations through partnerships delivered	2	2	
Annual Cultural Diversity Week Activities Plan completed	2	2	
Number of planned cultural exhibitions and cultural practice activities.	1	1	
Number of students - Croatian language classes	≤ 115	91	

<b>ABOUT OUR BOARD</b>			
<b>Directors</b>	<b>Qualifications</b>	<b>No. of Meetings Eligible to Attend</b>	<b>No. of Meetings Attended</b>
Mrs. Jenny Matic (Hon. Chairperson)	Bachelor of Science Advanced Diploma in Business (Accountancy) MAICD	5	5
Dr. Miro Ljubicic (Hon. Vice-Chairperson)	Doctor of Business Administration	5	5
Mr. Slavko Bilos (Hon. Treasurer)	Diploma of Financial Planning	5	5
Michael Pernar (Hon. Director)	Diploma of Business	5	4
Mr. Boris Jakovac (Hon. Director)	Diploma of Business Studies (Accounting)	5	4
Mrs. Ecija Flamengo (Hon. Director)		2	0
Ms. Amanda Jakovac (Hon. Director)	Bachelor of Business, Human Resources Management	5	4
Ms. Meredith Adams (Hon. Director)	Associate Diploma of Business in International Trade	2	2
Mr. Steven Milicevic (Hon. Director)	Bachelor of Laws; Bachelor of Arts	2	2

**Australian Croatian Community Services Limited**


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The Entity is registered with the *Australian Charities and Not-for-profits Commission* and is a company limited by guarantee. If the Entity is wound up, the constitution states that each member is required to contribute a maximum of \$1.00 towards meeting any outstanding obligations of the Entity. At 30 June 2020, the total amount that members of the Entity are liable to contribute if the Entity is wound up is \$17.00.

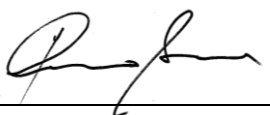
**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Director  Name Jenny Matic

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Director  Name Slavko Bilos

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Dated this **5<sup>th</sup> day of November 2020**

**Australian Croatian Community Services Limited**

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF AUSTRALIAN CROATIAN COMMUNITY SERVICES LTD.**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Australian Croatian Community Services Limited. As the audit principal for the audit of the financial report of Australian Croatian Community Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Name of firm: **John Woodward - Chartered Accountant**

Name of principal: John Woodward

Signed by : 

Date: **5<sup>th</sup> day of November, 2020**

Address: Level 5, 398 Lonsdale Street, Melbourne Vic. 3000

**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR  
ENDED 30 JUNE, 2020**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>REVENUE</b>	2(a)		
Grants Received		3,831,075	2,558,014
Government Covid-19 Cash Flow Boost		62,500	-
Other Income		753,976	738,718
<b>EXPENSES</b>			
Employee Benefits expense		(2,666,054)	(2,295,475)
Client expenses		(664,261)	(248,176)
Rent		(61,184)	(56,854)
Computer & IT Support		(64,226)	(51,242)
Bad Debt write off		(11,498)	(17,000)
Depreciation and amortisation expenses		(29,363)	(20,985)
Loss on write -off of assets		(8,643)	-
Doubtful Debts provision movement		-	-
Donations		(44,624)	(1,500)
Other expenses from ordinary activities		(432,149)	(305,848)
Profit/ (Loss) before income tax for the year	3	665,549	299,652
Income tax expense		-	-
Net profit / (loss) for the year		665,549	299,652
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		665,549	299,652
Total comprehensive income attributable to the members of the entity		665,549	299,652

The accompanying notes form part of these financial statements.

**Australian Croatian Community Services Limited**

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**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2020**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4(a)	3,055,681	1,993,791
Trade and other receivables	5	154,146	120,835
Other assets	6	18,642	10,994
<b>TOTAL CURRENT ASSETS</b>		<b>3,228,469</b>	<b>2,125,620</b>
NON-CURRENT ASSETS			
Property, plant and equipment	7	66,138	62,648
Other	6	14,200	9,177
<b>TOTAL NON-CURRENT ASSETS</b>		<b>80,338</b>	<b>71,825</b>
<b>TOTAL ASSETS</b>		<b>3,308,807</b>	<b>2,197,445</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	8	196,887	163,647
Provisions	9	148,081	100,938
Grants and Contributions in advance	10	525,740	185,253
<b>TOTAL CURRENT LIABILITIES</b>		<b>870,708</b>	<b>449,838</b>
NON-CURRENT LIABILITIES			
Provisions	9	173,004	148,061
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>173,004</b>	<b>148,061</b>
<b>TOTAL LIABILITIES</b>		<b>1,043,712</b>	<b>597,899</b>
<b>NET ASSETS</b>		<b>2,265,095</b>	<b>1,599,546</b>
<b>EQUITY</b>			
Retained earnings		2,265,095	1,599,546
<b>TOTAL EQUITY</b>		<b>2,265,095</b>	<b>1,599,546</b>

The accompanying notes form part of these financial statements.



Australian Croatian Community Services Limited

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July, 2018</b>	1,299,894	1,299,894
Profit attributable to the entity	299,652	299,652
<b>Balance at 30<sup>th</sup> June, 2019</b>	1,599,546	1,599,546
Profit attributable to the entity	665,549	665,549
<b>Balance at 30<sup>th</sup> June, 2020</b>	<u>2,265,095</u>	<u>2,265,095</u>

The accompanying notes form part of these financial statements.

**Australian Croatian Community Services Limited**

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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from government and sponsors		4,271,479	2,659,181
Other Income		590,325	785,189
Interest received		13,583	23,266
Payments to suppliers and contractors		(3,772,002)	(2,934,701)
Net cash provided by operating activities	4(b)	1,103,385	532,935
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(41,495)	(47,733)
Payment for intangible asset		-	-
Net cash used in investing activities		(41,495)	(47,733)
Net Increase in cash held		1,061,890	485,202
Cash at the beginning of the financial year		1,993,791	1,508,589
Cash at the end of the financial year	4(a)	3,055,681	1,993,791

The accompanying notes form part of these financial statements.

## Australian Croatian Community Services Limited

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### Notes to the financial statements for the year ended 30 June 2020

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### FINANCIAL REPORTING FRAMEWORK

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The Entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

##### **Basis of Preparation**

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

##### **Statement of Compliance**

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031: *Materiality* and AASB 1054: *Australian Additional Disclosures*.

##### **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments 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 company.

##### **Economic Dependence**

Australian Croatian Community Services Ltd is dependent on government funding and brokerage income for the majority of its revenue used to operate its functions.

##### **Application of New and Revised Accounting Standards**

The entity has applied the following new and revised accounting standards in the 2020 financials:

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019).

A core change of AASB 1058 and AASB 15 is that they shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

## Australian Croatian Community Services Limited

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### Notes to the financial statements for the year ended 30 June 2020

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the Entity to acquire or construct a recognisable non-financial asset that is to be controlled by the Entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the Entity satisfies its obligations under the transfer.
- AASB 15 applies where there is an “enforceable” contract with a customer with “sufficiently specific” performance obligations that results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduced a five-step approach to revenue recognition that is far more prescriptive than AASB 118: *Revenue*.

#### **Basis of preparation**

AASB 15 and AASB 1058 has been applied by the Entity from their mandatory adoption date of 1 July 2019. The modified transition approach has been chosen, however an assessment of income recognition for the previous indicates there is no accumulated adjustment required to opening retained earnings.

The accounting for the revenue stream “Government grants – operating” is primarily affected by these new Standards.

The income recognition for each grant has been assessed on a high-level basis to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income has otherwise been deferred under AASB 15.

The Entity’s government grant revenue for the year ended 30 June 2020 related to incomplete contracts amounts to \$525,740. (Dept of Health - Home Care Packages). This revenue will be deferred and recognised as revenue as performance obligations are satisfied.

#### *Accounting Policies*

#### **Revenue recognition**

The entity recognises income from its main revenue/income streams, as listed below:

- Government grants
- Brokerage
- Donations and bequests

#### **Government grants, donations and bequests**

AASB 1058.8-10 When the entity receives government grants, brokerage, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives) , it performs an assessment to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations.

In cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not ‘enforceable’ or the performance obligations are not ‘sufficiently specific’), the transaction is accounted for under AASB 1058 where the entity:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised (‘related amounts’) in accordance with the relevant applicable Australian Accounting Standard including:
  - contributions by owners (AASB 1004)
  - a lease liability (AASB 16)
  - revenue, or a contract liability arising from a contract with a customer (AASB 15)
  - a financial instrument (AASB 9)

## Australian Croatian Community Services Limited

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### Notes to the financial statements for the year ended 30 June 2020

– a provision (AASB 137)

- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

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

#### **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. There are no finance leases currently applicable to the Association.

The Company has elected not to adopt new accounting standard AASB 16 Leases in respect of leased premises and equipment leases within these financial statements. AASB16 recognises a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) previously recognised as operating leases under AASB 117: Leases where Association is the lessee. The company has entered into shorter term leases in respect of leased premises with the objective of purchasing suitable premises within the forthcoming financial years. The Company considers the financial effect of non-adoption to be immaterial to these financial statements.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### **Employee Provisions**

##### **Short-term employee benefits**

Provision is made for the Entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Entity obligations for short-term employee benefits such as wages, salaries are recognised as part of accounts payable and other payables in the statement of financial position.

Contributions are made by the Entity to employee superannuation funds and are charged as expenses when incurred.

##### **Other long-term employee provisions**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

The Entity's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the Entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee provisions.

## Australian Croatian Community Services Limited

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### Notes to the financial statements for the year ended 30 June 2020

#### Impairment of Assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared 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.

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 it is not possible to estimate the recoverable amount of a class of asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited 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 same class of asset.

#### Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair values are indicated, less, where applicable, accumulated depreciation and impairment losses.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rates</b>
Office Furniture & Equipment	20% - 50% Diminishing value
Leasehold Improvements	33.33% Diminishing value
Software Licence	33.33% Diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## Australian Croatian Community Services Limited

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### Notes to the financial statements for the year ended 30 June 2020

#### **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.

#### *Fair values of cash and cash equivalents*

Due to the short-term nature of cash and cash equivalents, their carrying amount approximated to fair value.

#### **Income Tax**

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

#### **Trade and other receivables**

##### *Recognition and measurement*

Trade and other receivables include amounts due from sponsors for amounts falling due under sponsorship contracts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently recognised less any provision for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the consolidated income statements within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses

##### *Fair values of trade and other receivables*

Due to the short-term nature of the current receivables, their carrying amount approximated to fair value.

#### **Trade and other payables**

##### *Recognition and measurement*

Trade and other payables represent liabilities for goods and services received by the company which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts paid in accordance with supplier trading terms.

##### *Fair value of trade and other payables*

Due to the short-term nature of trade and other payables, the carrying value is reflective of fair value.

**Australian Croatian Community Services Limited**

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**Notes to the financial statements for the year ended 30 June 2020**

**NOTE 2: REVENUES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Revenues recognised</b>		
Operating grants and subsidies	3,831,075	2,558,014
Brokerage	507,902	623,586
Interest received	13,583	23,266
HCP & CHSP fees	73,411	64,874
Government Covid-19 Cash Flow Boost	62,500	-
Other revenue	159,080	56,992
	4,647,551	3,326,732
	4,647,551	3,326,732

**NOTE 3: PROFIT BEFORE INCOME TAX**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
The following significant revenue and expenditure items are relevant in explaining the financial performance:		
<b>Expenses</b>		
Remuneration of auditor	8,550	7,850
Bad Debt Write off	11,498	17,000
Program expenses	53,425	57,293
Client services Expenses	664,261	248,176
	737,734	330,319
	737,734	330,319

**NOTE 4: CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Cash and cash equivalents</b>		
Cash At Bank – Business Cheque Account	384,579	35,666
Cash at bank – Business Online Saver Account	632	8,642
Cash at bank – High Interest Account	2,635,980	1,932,017
Cash at bank – Cash Management Account	30,427	6,410
Petty Cash and Paypal Account	4,063	11,056
	3,055,681	1,993,791
	3,055,681	1,993,791
<b>Reconciliation of cash</b>		
Cash and cash equivalents	3,055,681	1,993,791
Bank overdrafts	-	-
	3,055,681	1,993,791
	3,055,681	1,993,791



**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**Notes to the financial statements for the year ended 30 June 2020**

**NOTE 4: CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit / (Loss) after income tax	665,549	299,652
Non-cash flows in profit		
Depreciation and amortisation	29,363	20,985
Loss on write-off of assets	8,643	-
Doubtful Debts provision	-	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(33,311)	31,137
(Increase)/Decrease in prepayments and other assets	(12,671)	(7,426)
Increase/(decrease) in unexpended grants	342,270	102,308
Increase/(Decrease) in trade and other payables	33,239	27,363
Increase/(Decrease) in provisions	70,303	58,916
Cash flows provided/(used in) by operating activities	1,103,385	532,935

Australian Croatian Community Services Limited

ABN 64 270 128 675

Notes to the financial statements for the year ended 30 June 2020

**NOTE 5: TRADE AND OTHER RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade Debtors	96,646	125,835
Less – Provision for Doubtful Debts	(5,000)	(5,000)
Sundry Debtor – Cash Boost Grant	62,500	-
Total current trade and other receivables	<u>154,146</u>	<u>120,835</u>

**NOTE 6: OTHER ASSETS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Prepaid expenses	15,415	10,994
Security Bonds	3,227	-
	<u>18,642</u>	<u>10,994</u>
 <b>NON CURRENT</b>		
Security Bonds	<u>14,200</u>	<u>9,177</u>

**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**Notes to the financial statements for the year ended 30 June 2020**

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>PLANT AND EQUIPMENT</b>		
Office Furniture and equipment		
At cost	62,654	98,490
Less accumulated depreciation	(27,280)	(56,861)
	35,374	41,629
 Leasehold Improvements		
At cost	42,876	73,245
Less accumulated depreciation	(13,937)	(54,962)
	28,939	18,283
 Software Licence costs		
At cost	14,159	14,159
Less accumulated depreciation	(12,334)	(11,423)
	1,825	2,736
 Website Development		
At cost	3,200	3,200
Less Accumulated Depreciation	(3,200)	(3,200)
	-	-
 Total Property, Plant and Equipment	66,138	62,648

**NOTE 8: TRADE AND OTHER PAYABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Sundry Creditors and accruals	149,469	95,133
Amounts payable to Australian Taxation Office (GST & PAYGW)	47,418	68,514
	196,887	163,647
	196,887	163,647

**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**Notes to the financial statements for the year ended 30 June 2020**

	2020	2019
	\$	\$
<b>NOTE 9: PROVISIONS</b>		
<b>CURRENT</b>		
Employee benefits – Annual Leave	148,081	100,938
<b>NON CURRENT</b>		
Employee benefits – Long Service Leave	173,004	148,061
Aggregate employee benefits liability	<u>321,085</u>	<u>248,999</u>

**NOTE 10: GRANTS & CONTRIBUTIONS IN ADVANCE**

<b>CURRENT</b>		
Home Care Package(HCP) Client Funds unexpended	<u>525,740</u>	<u>185,253</u>

**NOTE 11: CAPITAL AND LEASING COMMITMENTS**

(a) Operating lease commitments

Non-cancellable operating leases (leases of premises)  
contracted for but not capitalised in the financial statements

Payable – minimum lease payments		
- Not longer than one year	49,407	34,325
- Between 12 months and 5 years	60,500	16,133
- Greater than 5 years	-	-
Total lease commitments (GST Inclusive)	<u>109,907</u>	<u>50,458</u>

ACCS moved into new premises at 1/51 Hopkins St, Footscray during the year. The new lease commenced on the 27th April 2020 and is for a term of 3 years expiring on the 26<sup>th</sup> April 2023. An option exists for 2 further terms of 3 years each.

Rent payable per month is \$ 2,750.00 (GST inclusive).

A new lease for Suite 3, 57 Robinson Street, Dandenong was signed for a term of 2 years commencing on the 8<sup>th</sup> February 2019 and expiring on the 7<sup>th</sup> February 2021. There is a further option for another 2 year term. Rent payable per month is \$ 2,050.95 (GST Inclusive).

# Australian Croatian Community Services Limited

ABN 64 270 128 675

## Notes to the financial statements for the year ended 30 June 2020

2020	2019
\$	\$

### NOTE 12: ENTITY DETAILS

The registered office of the company is:

Australian Croatian Community Services Ltd.  
1/51 Hopkins Street Footscray VIC 3011

### NOTE 13: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Entity is wound up, the constitution states that each member is required to contribute up to \$1.00 towards

- a) The Company's liabilities contracted before the person ceased to be a Member; and
- b) Costs, charges and expenses to wind up and adjust the rights of the contributories among themselves.

At 30 June 2020, the number of members was 17

### NOTE 14: SUBSEQUENT EVENTS

By late 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic.

As the COVID-19 virus was identified in March 2020, the figures in the financial statements as at 30 June 2020 reflect the conditions known as at 30 June 2020 which factor in the initial effects of COVID-19, including the impact of the closure of the company's premises and resulting restricted activities.

However, as the virus is ongoing as at the date of this report, it is also considered to be a significant event continuing to occur after the reporting period. As such, management will continue to consider the potential implications of coronavirus, which includes disruptions to the organisations operations and slowing of services, given changes in client's circumstances. This will likely have a significant impact on overall revenues for the 2021 financial year. Management expects this to return to normalised levels in the short-to-medium term. However, the coronavirus is unprecedented and as such the company will pay close attention to the development of the situation and will continue to assess its impact on operations.

Since the balance date, increased levels of community transmission of COVID-19 across Victoria has seen increased restrictions put in place for the State. During this time, the company has continued to operate however, not in the same manner, or to the same extent, as historically. More broadly the impact of these restrictions has resulted in reduced service delivery.

The pandemic has had some financial and operational impacts during, and since, the period reported within these financial statements, however funding from government (grants and subsidies) has largely been unaffected. The entity being an eligible entity has received Government Cash boost grants up to and post 30<sup>th</sup> June 2020. These financials reflect the effect of this Federal government support for the year ended 30<sup>th</sup> June 2020.

**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**Notes to the financial statements for the year ended 30 June 2020**

**NOTE 14: SUBSEQUENT EVENTS (continued)**

Due to the significant uncertainty surrounding the future impacts of the pandemic on the local and international economies, it is not possible to estimate the full impact of the COVID-19 pandemic on operations or financial results at the time of signing.

Management, and those charged with governance, will continue to monitor the financial and non-financial impacts of the pandemic on operations, and will put in place various mitigation strategies in response to any changes.

These financial statements have been prepared based upon conditions in place at the balance date, and events that have occurred since the balance date to the time of signing. As the major impact of pandemic related events occurred after the balance date, and are not evidence of conditions in place at the balance date, no adjustments have been made to these financial statements as a direct result of pandemic related subsequent events.

Management, and those charged with governance, have considered results to the date of signing, forward forecasts and cashflow budgets, and believe the company will continue to be able to pay its debts as and when they become payable, despite the impacts of COVID-19 on the broader economy, for a period of twelve months from the date of this report. However, should further restrictions on operations be implemented (or current restrictions further extended) by the State Government, this could alter this position and view.

No other matters or circumstances have arisen between the end of the financial period, and the date of this report, which have directly, significantly affected or may significantly affect the operations of the association, the results of those operations or the state of affairs of the association in future financial years.

**Australian Croatian Community Services Limited**

**ABN 64 270 128 675**

**DIRECTORS' DECLARATION**


In accordance with a resolution of the directors of Australian Croatian Community Services Limited, the directors of the Registered Entity declare that, in the directors' opinion:

The financial statements and notes, as set out on pages 6 to 22, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:

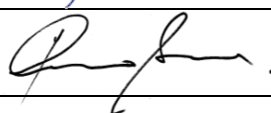
- a. comply with Australian Accounting Standards applicable to the Entity; and
- b. give a true and fair view of the financial position of the Registered Entity as at 30 June 2020 and of its performance for the year ended on that date.

There are reasonable grounds to believe that the Registered Entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director  Name: Jenny Matic

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Director  Name: Slavko Bilos

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Dated this **5<sup>th</sup> day of November 2020**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN CROATIAN COMMUNITY SERVICES LTD.**

Opinion

I have audited the financial report of Australian Croatian Community Services Ltd. (the registered entity), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In my opinion, the accompanying financial report of Australian Croatian Community Services Ltd. is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

**Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. I am independent of the company in accordance with the auditor independence requirements 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the registered entity, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity's financial reporting responsibilities under the *ACNC Act*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

**Responsibilities of the Directors for the Financial Report**

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *ACNC Act* and is appropriate to meet the needs of the members.. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the registered entities ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.



## Australian Croatian Community Services Limited

ABN 64 270 128 675

### Auditor's Responsibilities for the Audit of the Financial Report

My 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 the 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 this financial report.

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

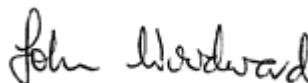
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company 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.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Name of firm: **John Woodward - Chartered Accountant**

Name of principal: John Woodward

Signed by:



Address: Level 5, 398 Lonsdale Street, Melbourne, Vic. 3000

Dated this **5<sup>th</sup> day of November 2020**