The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

40 077 109 029 NAPS ID 590

Financial Statements

For the Year Ended 30 June 2021

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

40 077 109 029

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For the Year Ended 30 June 2021

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

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Board Report
30 June 2021

The board members submit their report on The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated for the financial year ended 30 June 2021.

Board Members

The names of the board members throughout the year and at the date of this report are:

John Sniatynskj	Vice Chairperson	
Natalia Hubczenko	Chairperson	
David Moffatt		
Kruno Batrac		
Denis Stevanja		
Jock Malinowksi		Appointed 19 April 2021
Delfa Lolic		Resigned 19 April 2021
Teresa Anderson		Resigned 15 July 2020

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities and significant changes in nature of activities

The principal activities of the Association during the financial year were providing a residential care facility and home care services.

There were no significant changes in the nature of The Croatian, Ukranian & Belarusian Aged Care Association of SA Incorporated's principal activities during the financial year.

Benefits as a result of contracts

During the financial year, there were no benefits received or entitled to be received as a result of a contract between an officer, firm or body corporate and the Association.

Payments and other benefits

No payments or benefits of a pecuniary value were received by any officers of the Association during the financial year.

Operating result

The surplus/(deficit) of the Association for the financial year amounted to $ 1,842,736 ((2020: $ (1,270,450).)

Events after the reporting date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Association has continued to adhere to the guidelines issued by the Government for the aged care sector to limit any potential threat of the Coronavirus affecting the facility. These include maintaining social distancing requirements, restricting entry to those who have had the necessary vaccinations, restricting visit times and adhering to the recommended hygiene practices. These implemented guidelines will remain in place until further notice to minimise the threat to all at the facility including staff. The business has had a positive start to the 2022 financial year off the back of a strong 2021 year.

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

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Board Report

30 June 2021

Events after the reporting date (continued)

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Incorporated Association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Signed in accordance with a resolution of the Members of the Board:

Board member:..
Natalia Hubczenko

Board member: ....
David Moffatt

Dated 25 October 2021

Moore Australia Audit (SA/NT) Pty Ltd

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The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

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Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Board of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

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

Moore Australia.

MOORE AUSTRALIA AUDIT (SA/NT) PTY LTD
ABN 34 144 550 461

Rodda

GRAEME RODDA
Director - Audit & Assurance Services

Adelaide, South Australia

26 October 2021

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue and other income	4	**8,679,546**	5,741,796
Administration expenses		**(219,558)**	(209,915)
Facility operating expenses		**(326,170)**	(613,164)
Medical expenses		**(368,983)**	(189,296)
Regulatory expenses		**(781)**	(17,508)
General operating expenses		**(437,177)**	(461,955)
Equipment expenses		**(332,627)**	(236,419)
Depreciation		**(108,745)**	(90,842)
Motor vehicle expenses		**(1,784)**	(1,765)
Contractor expenses		**(25,714)**	(191,769)
Payroll expenses		**(4,814,410)**	(4,749,765)
Other staff expenses		**(200,861)**	(249,848)
Surplus / (deficit) for the year		**1,842,736**	(1,270,450)
Less: impairment of bed licences		**(1,500,000)**	-
Total Comprehensive Income / (loss) for the year		**342,736**	(1,270,450)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Cash and cash equivalents	5	**7,865,843**	4,273,128
Trade and other receivables	6	**1,395,010**	806,591
Other assets	7	**7,960**	8,431
Property, plant and equipment	8	**11,560,664**	11,381,883
Intangible assets	9	**1,583,822**	3,057,400
TOTAL ASSETS		**22,413,299**	19,527,433
LIABILITIES			
Trade and other payables	10	**490,649**	596,134
Employee benefits	11	**336,412**	237,209
Other financial liabilities	12	**14,341,864**	11,908,641
Grants received in advance		**116,189**	-
TOTAL LIABILITIES		**15,285,114**	12,741,984
NET ASSETS		**7,128,185**	6,785,449
EQUITY			
Reserves		**2,200,704**	2,200,704
Retained earnings		**4,927,481**	4,584,745
TOTAL EQUITY		**7,128,185**	6,785,449

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Accumulated Surplus	Asset Revaluation Reserve	Grant Establishment Reserve	Total
	$	$	$	$
Balance at 1 July 2020	**4,584,745**	**442,304**	**1,758,400**	**6,785,449**
Surplus attributable to members of the Association	**342,736**	**-**	**-**	**342,736**
Balance at 30 June 2021	**4,927,481**	**442,304**	**1,758,400**	**7,128,185**

2020

	Accumulated surplus	Asset Revaluation Reserve	Grant Establishment Reserve	Total
	$	$	$	$
Balance at 1 July 2019	5,855,195	442,304	1,758,400	8,055,899
Deficit attributable to members of the Association	(1,270,450)	-	-	(1,270,450)
Balance at 30 June 2020	4,584,745	442,304	1,758,400	6,785,449

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from residents, clients and Government		**8,218,888**	5,403,245
Payments to suppliers and employees		**(6,391,257)**	(6,586,983)
Net GST Received		**143,621**	-
Interest received		**29,897**	86,575
Net cash provided by / (used in) operating activities		**2,001,149**	(1,097,163)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(268,410)**	(75,180)
Purchase of intangible assets		**(45,534)**	(61,500)
Proceeds from sale of non-current assets		**-**	31,500
Net cash used in investing activities		**(313,944)**	(105,180)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from accommodation bonds		**5,497,354**	4,521,500
Repayment of accommodation bonds		**(3,591,844)**	(4,130,280)
Net cash provided by financing activities		**1,905,510**	391,220
Net increase/(decrease) in cash and cash equivalents held		**3,592,715**	(811,123)
Cash and cash equivalents at beginning of year		**4,273,128**	5,084,251
Cash and cash equivalents at end of financial year	5	**7,865,843**	4,273,128

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial statements cover The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated as an individual entity. The Croatian, Ukranian & Belarusian Aged Care Association of SA is a not-for-profit Association incorporatedunder the ('the Act').

The functional and presentation currency of the Association is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The Association applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board, the *Associations Incorporation Act 1985* and the *Australian Charities and Not-for-profits Commission Act 2012*.

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 statement of financial position has been prepared on a liquidity basis as this presentation provides more reliable and relevant information.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Fair value of assets and liablities

The Association measures some of its assets at fair value on a recurring basis.

Fair value is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

2 Summary of Significant Accounting Policies (continued)

(b) Fair value of assets and liablities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair valuse measurement also takes into account a market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Association's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property, plant and equipment

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

Land and buildings

Land and buildings are measured using the revaluation model. Independent valuations are required at least every three years. In years where an independent valuation is not performed, the Board will assess whether the value is appropriate. Buildings are not depreciated where significant expenses are incurred in maintaining their condition.

Plant and equipment

Plant and equipment are measured using the cost model and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater that its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10 - 33%
Motor Vehicles	25%
Buildings	2.5%

2 Summary of Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Resident accommodation agreements will be considered a lease under AASB 16. The Association has concluded that the lease term for these arrangements is 7 days (being the notice period required from a resident upon departure) and therefore the application of AASB 16 to these agreements does not have a material impact of the recognition or measurement of revenue.

(e) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

comprehensive income in the ‘finance income’ or ‘finance costs’ line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association’s trade and other receivables fall into this category of financial instruments.

In some circumstances, the Association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Association has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Association's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired.

The Association‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

(f) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Intangibles

Bed licences

Bed licences carried at market value based on an independent valuation to be performed at least every three years. In years where an independent valuation is not performed, the Board will assess whether the value is appropriate.The value of licences acquired are initially brought in through income as a contribution. Subsequent revaluations will be recorded directly in equity in a reserve, to the extent that the value is not lower than the initial contribution recognised.

In the current year the Board have determined that the fair value of the bed licences is $1,500,000.

(h) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period 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 satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2 Summary of Significant Accounting Policies (continued)

(j) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. 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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 2(f) for further discussion on the determination of impairment losses.

(k) Accommodation bonds

The Association enters into Right to Occupy Agreements with residents who pay a bond. This liability is recognised in the statement of financial position as a liability under accommodation bonds. The liabilities are held at face value.

(l) Revenue and other income

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

Revenue from contracts with customers

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

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

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

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

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

Grant revenue

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

2 Summary of Significant Accounting Policies (continued)

(l) Revenue and other income (continued)

Grant revenue (continued)

The performance obligations are varied based on the agreement but may include management of education events, vaccinations, presentations at symposiums.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(l) Revenue and other income (continued)

Government Subsidies

Government Subsidies includes Cash Flow Boost, JobKeeper Subsidy and Wage Subsidies.

Cash Flow Boost is recognised as and when it is received.

JobKeeper Subsidy is recognised on an accruals basis when the Association is entitled to it.

Wage Subsidy is recognised on an accruals basis when the Association is entitled to it.

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(n) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(o) Accounts payable and other payables

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

(p) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

2 Summary of Significant Accounting Policies (continued)

(q) New accounting standards for application in future periods

AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The AASB has issued AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities. AASB 1060 defines the disclosure requirements for Tier 2 general purpose financial statements, as defined by Australian Accounting Standards, and serves as a replacement for the exisiting Reduced Disclosure Regime. AASB 1060 is mandatory for the Association's 30 June 2022 year end. There will be no significant changes as a result of adopting this standard.

3 Critical Accounting Estimates and Judgements

The Board make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - property held at fair value

An independent valuation of property (land and buildings) carried at fair value-in-use was obtained on 30 June 2015. The Board have reviewed this valuation and increased the fair value of the land after testing the value against properties in the area. The valuation is an estimation which would only be realised if the property is sold whilst maintaining the operations and licences of the Association.

Key estimates - bed licences

Bed licences carried at market value based on an independent valuation to be performed at least every three years. The Board have reviewed this valuation and decreased the fair value of the bed licences after assessing the current market.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgements - Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the incorporated association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the incorporated association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the Financial Statements

For the Year Ended 30 June 2021

4 Revenue and Other Income

	2021 $	2020 $
Revenue		
- interest income	**29,897**	86,575
- aged care services	**6,882,840**	5,287,246
- donations	**418**	1,502
- income from staff activities	**14,347**	21,695
- rental income	**6,000**	-
- government subsidies	**1,359,431**	288,000
- other income	**386,613**	56,778
	8,679,546	5,741,796

5 Cash and Cash Equivalents

Cash at bank and in hand	**3,940,843**	1,248,128
Short-term deposits	**3,925,000**	3,025,000
Total cash and cash equivalents	**7,865,843**	4,273,128

6 Trade and Other Receivables

Trade receivables	**50,287**	102,212
Bonds receivables	**1,190,646**	656,500
Other receivables	**154,077**	47,879
Total current trade and other receivables	**1,395,010**	806,591

7 Other Assets

Prepayments	**7,960**	8,431

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, Plant and Equipment

	2021	2020
	$	$
LAND AND BUILDINGS		
Freehold land		
At fair value	**3,919,560**	3,919,560
Buildings		
At fair value	**6,700,000**	6,700,000
At cost	**384,708**	341,916
Total buildings	**7,084,708**	7,041,916
Total land and buildings	**11,004,268**	10,961,476
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**1,880,828**	1,678,787
Accumulated depreciation	**(1,336,623)**	(1,274,635)
Total plant and equipment	**544,205**	404,152
Motor vehicles		
At cost	**43,013**	43,013
Accumulated depreciation	**(30,822)**	(26,758)
Total motor vehicles	**12,191**	16,255
Total plant and equipment	**556,396**	420,407
Total property, plant and equipment	**11,560,664**	11,381,883

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, Plant and Equipment (continued)

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2021					
Balance at the beginning of year	**3,919,560**	**7,041,916**	**404,152**	**16,255**	**11,381,883**
Additions	**-**	**42,792**	**225,622**	**-**	**268,414**
Disposals - written down value	**-**	**-**	**-**	**-**	**-**
Depreciation expense	**-**	**-**	**(85,569)**	**(4,064)**	**(89,633)**
Balance at the end of the year	**3,919,560**	**7,084,708**	**544,205**	**12,191**	**11,560,664**

9 Intangible Assets

	2021	2020
	$	$
Bed licences at fair value	**1,500,000**	3,000,000
Computer software	**107,034**	61,500
Accumulated depreciation	**(23,212)**	(4,100)
Net carrying value	**83,822**	57,400
Total intangibles	**1,583,822**	3,057,400

10 Trade and Other Payables

	2021	2020
Trade payables	**115,417**	114,413
Sundry payables and accrued expenses	**375,232**	481,721
	490,649	596,134

11 Employee Benefits

	2021	2020
Long service leave provision	**125,749**	118,389
Annual leave provision	**210,663**	118,820
	336,412	237,209

12 Borrowings

	2021	2020
	$	$
Unsecured liabilities:		
Accommodation bonds held	**14,341,864**	11,908,641
	14,341,864	11,908,641

13 Operating Segments

Identification of reportable segments

The Association has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and determining the allocation of resources.

The Association is managed primarily on the basis of product category and service offerings as the diversification of the Association's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of services by reportable segment

(i) Residential Aged Care

(ii) In Home Aged Care

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated below, all amounts reported to the Board, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Association.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Association as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Operating Segments (continued)

(d) Segment performance

	Residential Aged Care		In Home Aged Care			Total
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
REVENUE						
Interest income	**29,878**	86,379	**19**	196	**29,897**	86,575
Aged care services	**5,833,879**	4,504,343	**1,048,961**	782,903	**6,882,840**	5,287,246
Donations	**418**	1,502	**-**	-	**418**	1,502
Income from staff activities	**14,347**	21,695	**-**	-	**14,347**	21,695
Rental Income	**6,000**	-	**-**	-	**6,000**	-
Government Subsidies	**1,359,431**	288,000	**-**	-	**1,359,431**	288,000
Other income	**386,583**	56,563	**30**	215	**386,613**	56,778
Total segment revenue	**7,630,536**	4,958,482	**1,049,010**	783,314	**8,679,546**	5,741,796
Administration expenses	**(212,252)**	(207,007)	**(7,306)**	(2,908)	**(219,558)**	(209,915)
Facility operating expenses	**(238,853)**	(553,164)	**(87,317)**	(60,000)	**(326,170)**	(613,164)
Medical expenses	**(329,246)**	(189,296)	**(39,737)**	-	**(368,983)**	(189,296)
Regulatory Expenses	**(781)**	(17,508)	**-**	-	**(781)**	(17,508)
General operating expenses	**(218,210)**	(236,872)	**(218,967)**	(225,083)	**(437,177)**	(461,955)
Equipment expenses	**(283,746)**	(236,419)	**(48,881)**	-	**(332,627)**	(236,419)
Depreciation	**(108,745)**	(90,842)	**-**	-	**(108,745)**	(90,842)
Motor Vehicle Expenses	**(1,784)**	(1,765)	**-**	-	**(1,784)**	(1,765)
Contractor expenses	**(25,714)**	(191,769)	**-**	-	**(25,714)**	(191,769)
Payroll expenses	**(4,327,099)**	(4,310,117)	**(487,311)**	(439,648)	**(4,814,410)**	(4,749,765)
Other staff expenses	**(161,686)**	(230,768)	**(39,175)**	(19,080)	**(200,861)**	(249,848)
Impairment of bed licences	**(1,500,000)**	-	**-**	-	**(1,500,000)**	-
Total segment expenses	**(7,408,116)**	(6,265,527)	**(928,694)**	(746,719)	**(8,336,810)**	(7,012,246)
Segment operating result	**222,420**	(1,307,045)	**120,316**	36,595	**342,736**	(1,270,450)

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Operating Segments (continued)

(e) Segment assets

	Residential Aged Care		In Home Aged Care			Total
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Cash and cash equivalents	**6,895,314**	3,902,714	**970,529**	370,414	**7,865,843**	4,273,128
Trade and other receivables	**1,294,482**	792,267	**100,528**	14,324	**1,395,010**	806,591
Other assets	**7,960**	8,431	**-**	-	**7,960**	8,431
	8,197,756	4,703,412	**1,071,057**	384,738	**9,268,813**	5,088,150
Property, plant and equipment	**11,560,664**	11,381,883	**-**	-	**11,560,664**	11,381,883
Intangibles	**1,583,822**	3,057,400	**-**	-	**1,583,822**	3,057,400
Total segment assets	**21,342,242**	19,142,695	**1,071,057**	384,738	**22,413,299**	19,527,433

(f) Segment liabilities

	Residential Aged Care		In Home Aged Care			Total
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Trade and other payables	**271,830**	396,928	**218,819**	199,206	**490,649**	596,134
Employee benefits	**336,412**	237,209	**-**	-	**336,412**	237,209
Other financial liabilities	**14,341,864**	11,908,641	**-**	-	**14,341,864**	11,908,641
Grants received in advance	**116,189**	-	**-**	-	**116,189**	-
Total segment liabilities	**15,066,295**	12,542,778	**218,819**	199,206	**15,285,114**	12,741,984

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Permitted Uses Statement

(a) Bond money received

	2021	2020
	$	$
Total of accommodation bond monies received between the period 1 July 2020 to 30 June 2021	**5,497,354**	4,521,500

(b) Expenditure on permitted uses

	2021	2020
Total on capital expenditure	**313,942**	75,180
Refunds of bond and entry contribution balances	**3,591,844**	4,130,280
Total	**3,905,786**	4,205,460

15 Key Management Personnel Remuneration

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

The total remuneration paid to key management personnel of the Association is $ 405,324 (2020: $ 512,028).

16 Related Parties

The Association's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including any board member (whether executive or otherwise) of that Association are considered key management personnel.

For details of remuneration disclosures relating to key management personnel - refer to Note 15 Key Management Personnel Disclosures.

Other transactions with Key Management Personnel and their related entities are shown below.

(ii) Other related parties:

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties for the year ended 30 June 2021.

17 Contingencies

In the opinion of the Board, the Association did not have any contingencies at 30 June 2021.

18 Events after the end of the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Association has continued to adhere to the guidelines issued by the Government for the aged care sector to limit any potential threat of the Coronavirus affecting the facility. These include maintaining social distancing requirements, restricting entry to those who have had thenecessay vaccinations, restricting visit times and adhering to the recommended hygiene practices. These implemented guidelines will remain in place until further notice to minimise the threat to all at the facility including staff. The business has had a positive start to the 2022 financial year and at the time of writing, is exceeding budget.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

19 Department of Health Sanctions

On 5 June 2019 the Australian Government Department of Health imposed sanctions on the Association under section 65-1 of the Aged Care Act 1997 (the Act) in respect of non-compliance with certain operational requirements of the Act. These sanctions were both (1) financial, where funding was withheld for new residents after 5 June 2019, and (2) operational, requiring the appointment of a nurse adviser and specified staff education.

The Association's Board has, in conjunction with advisers and staff, worked tirelessly to return the Association to a position of full compliance of the care standards of the Act.

On 18 October 2019, the financial sanctions were lifted by the department, enabling the facility to receive government funding for new residents admitted post 18 October 2019. These sanctions had a significant impact on the financial performance of the organisation in the June 2020 year.

The sanctions in relation to the nurse advisor and the education of staff were lifted on 5 December 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2021 $	2020 $
Available-for-sale financial assets		
Cash and cash equivalents	**7,865,843**	4,273,128
Trade and other receivables	**1,395,010**	786,592
Total financial assets	**9,260,853**	5,059,720
Financial assets at fair value through profit or loss		
Financial liabilities at amortised cost		
Trade and other payables	**490,649**	596,134
Other financial liabilities	**14,341,864**	11,908,641
Total financial liabilities	**14,832,513**	12,504,775

21 Statutory Information

The registered office and principal place of business of the Association is:
The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated
41 Burley Griffin Bvd
Brompton SA 5007

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

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Statement by Members of the Board

The Board of Management of the Association declare that:

In the opinion of the Board of The Croatian, Ukranian & Belarusian Ages Care Association of SA Incorporated:

1. The financial statements and notes, as set out on pages 4 to 25 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012; and

   a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
   b) give a true and fair view of the Associaction's financial position as at 30 June 2021 and of the performance for the year ended on that date.

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

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

On behalf of the Board of The Croatian, Ukranian & Belarusian Ages Care Association of SA Incorporated.

Board member ....
Natalia Hubczenko

Board member ....
David Moffatt

Dated 25 October 2021

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The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

Independent Audit Report to the members of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the board.

In our opinion the financial report of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Registered Entity's financial position as at 30 June 2021 and of its financial performance for the year ended; and

(ii) complying with *Australian Charities and Not-for-profits Commission regulations 2013* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

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

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

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

Independent Audit Report to the members of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

Responsibilities of Responsible Persons for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with *Australian Charities and Not-for-profits Commission regulations 2013* and the ACNC Act, and for such internal control as the responsible persons determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Moore Australia.

MOORE AUSTRALIA AUDIT (SA/NT) PTY LTD
ABN 34 144 550 461

Rodda

GRAEME RODDA
Director - Audit & Assurance Services

Adelaide, South Australia

26 October 2021