

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

ABN 40 077 109 029 NAPS ID 590

Financial Statements

For the Year Ended 30 June 2019

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

ABN 40 077 109 029

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For the Year Ended 30 June 2019

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

ABN 40 077 109 029

Board Report

30 June 2019

The board members submit the financial report of the Association for the financial year ended 30 June 2019.

Board members

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

- Rob Dempsey Chairperson
- John Sniatynskj Vice Chairperson
- Natalia Hubczenko Vice Chairperson
- David Moffatt Treasurer
- Delfa Lolic
- Kruno Batrac
- Ted Davis
- Denis Stevanja

Principal activities

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

Significant changes

No significant change in the nature of these activities occurred during the 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, apart from Ted Davis who received \$13,239 for industrial relations consulting services on normal commercial terms and conditions no more favourable than those available to other parties.

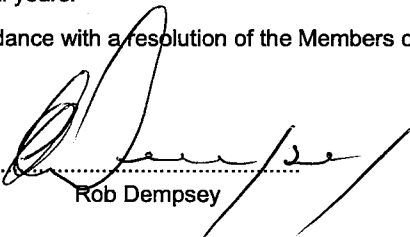
Operating result

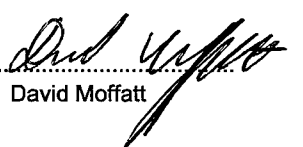
The surplus/(deficit) of the Association for the financial year amounted to \$ (480,809)(2018: \$ (2,519,528)).

Events after the reporting date

Other than the ongoing financial impact of the Department of Health sanctions outlined in Note 19 to the financial statements, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

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

Board member: 
 Rob Dempsey

Board member: 
 David Moffatt

Dated this 4th day of november 2019

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

ABN 40 077 109 029

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 2019, 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 STEPHENS



Graeme Rodda
Director

31 October 2019

Adelaide

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

ABN 40 077 109 029

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue and other income	4	5,723,566	5,557,020
Administration expenses		(99,306)	(97,729)
Facility operating expenses		(686,011)	(603,221)
Medical expenses		(308,073)	(319,494)
Regulatory expenses		(30,755)	(7,129)
General operating expenses		(353,472)	(341,597)
Equipment expenses		(339,707)	(263,178)
Motor vehicle expenses		(5,218)	(8,272)
Contractor expenses		(94,225)	(71,602)
Payroll expenses		(4,091,780)	(3,758,706)
Other staff expenses		(195,828)	(108,911)
Gain on sale of non-current assets		-	3,290
Surplus / (deficit) for the year		(480,809)	(19,529)
Other comprehensive income			
Revaluation of bed licences		-	(2,500,000)
Revaluation of land		-	359,560
Other comprehensive income for the year		-	(2,140,440)
Total comprehensive income for the year		(480,809)	(2,159,969)

The accompanying notes form part of these financial statements.

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

ABN 40 077 109 029

Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Cash and cash equivalents	6	5,084,251	5,717,932
Trade and other receivables	7	1,102,808	748,575
Current tax receivable	8	22,508	25,270
Other assets	9	39,936	33,552
Property, plant and equipment	10	11,419,578	11,441,640
Intangible assets	11	3,000,000	3,000,000
TOTAL ASSETS		20,669,081	20,966,969
LIABILITIES			
Trade and other payables	12	377,867	258,917
Employee benefits	13	346,294	319,705
Borrowings	14	11,889,021	11,851,639
TOTAL LIABILITIES		12,613,182	12,430,261
NET ASSETS		8,055,899	8,536,708
EQUITY			
Reserves		2,200,704	2,200,704
Accumulated surplus		5,855,195	6,336,004
TOTAL EQUITY		8,055,899	8,536,708

The accompanying notes form part of these financial statements.

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

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Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Accumulated Surplus	Asset Revaluation Reserve	Grant Establishment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2018	6,336,004	442,304	1,758,400	8,536,708
Deficit attributable to members of the entity	(480,809)	-	-	(480,809)
Balance at 30 June 2019	5,855,195	442,304	1,758,400	8,055,899

2018

	Accumulated surplus	Asset Revaluation Reserve	Grant Establishment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2017	6,355,533	2,582,744	1,758,400	10,696,677
Deficit attributable to members of the entity	(19,529)	-	-	(19,529)
Net valuation decrement	-	(2,140,440)	-	(2,140,440)
Balance at 30 June 2018	6,336,004	442,304	1,758,400	8,536,708

The accompanying notes form part of these financial statements.

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

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Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from residents, clients and Government	5,208,957	5,425,350
Payments to suppliers and employees	(5,566,589)	(5,317,207)
Interest received	127,889	153,460
Net cash provided by operating activities	<u>(229,743)</u>	<u>261,603</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	18,737
Purchase of property, plant and equipment	(73,738)	(405,346)
Net cash used in investing activities	<u>(73,738)</u>	<u>(386,609)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	2,479,000	1,988,000
Repayment of borrowings	(2,809,200)	(2,861,843)
Net cash provided by financing activities	<u>(330,200)</u>	<u>(873,843)</u>
Net increase/(decrease) in cash and cash equivalents held	(633,681)	(998,849)
Cash and cash equivalents at beginning of year	5,717,932	6,716,781
Cash and cash equivalents at end of financial year	6 <u>5,084,251</u>	<u>5,717,932</u>

The accompanying notes form part of these financial statements.

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

ABN 40 077 109 029

Notes to the Financial Statements

For the Year Ended 30 June 2019

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

The functional and presentation currency of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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.

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).

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(b) Fair value of assets and liabilities

For non-financial assets, the fair value 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 entity'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 than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

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	20 - 30%
Motor Vehicles	25%

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.

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

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(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.

(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 comprehensive income in the 'finance income' or 'finance costs' line item respectively.

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

ABN 40 077 109 029

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(e) Financial instruments

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(e) Financial instruments

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.

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

ABN 40 077 109 029

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) 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.

(g) 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.

(h) 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.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) 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 1(f) for further discussion on the determination of impairment losses.

(j) 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.

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

ABN 40 077 109 029

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(k) 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.

(l) Revenue and other income

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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.

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.

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

ABN 40 077 109 029

Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(l) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

(m) 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.

(n) 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.

(o) 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.

(p) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

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

ABN 40 077 109 029

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Critical Accounting Estimates and Judgments

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 organisation.

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 land after assessing the current market for bed licences.

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.

4 Revenue and Other Income

	2019	2018
	\$	\$
Revenue		
- interest income	127,889	153,460
- aged care services	5,579,897	5,319,387
- donations	2,410	2,604
- income from staff activities	7,333	10,851
- other income	6,037	70,718
	<u>5,723,566</u>	<u>5,557,020</u>

5 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated during the year are as follows:

The total remuneration paid to key management personnel of the Association is \$ 364,117 (2018: \$ 400,098).

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

ABN 40 077 109 029

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	2,009,251	842,938
Short-term deposits	3,075,000	4,874,994
	<u>5,084,251</u>	<u>5,717,932</u>

7 Trade and Other Receivables

Trade receivables	60,258	88,953
Bonds receivable	1,025,000	625,000
Other receivables	17,550	34,622
Total current trade and other receivables	<u>1,102,808</u>	<u>748,575</u>

8 Tax

GST receivable	<u>22,508</u>	<u>25,270</u>
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9 Other Assets

Prepayments	<u>39,936</u>	<u>33,552</u>
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10 Property, plant and equipment

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	336,916	336,916
Total buildings	<u>7,036,916</u>	<u>7,036,916</u>
Total land and buildings	<u>10,956,476</u>	<u>10,956,476</u>

PLANT AND EQUIPMENT

Plant and equipment		
At cost	1,603,420	1,529,683
Accumulated depreciation	(1,194,209)	(1,116,509)
Total plant and equipment	<u>409,211</u>	<u>413,174</u>
Motor vehicles		
At cost	86,105	86,105
Opening balance	(32,214)	(14,115)
Total motor vehicles	<u>53,891</u>	<u>71,990</u>
Total plant and equipment	<u>463,102</u>	<u>485,164</u>
Total property, plant and equipment	<u>11,419,578</u>	<u>11,441,640</u>

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Property, plant and equipment

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 2019					
Balance at the beginning of year	3,919,560	7,036,916	413,174	71,990	11,441,640
Additions	-	-	73,738	-	73,738
Depreciation expense	-	-	(77,701)	(18,099)	(95,800)
Balance at the end of the year	3,919,560	7,036,916	409,211	53,891	11,419,578

	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2018					
Balance at the beginning of year	3,560,000	6,880,641	414,496	53,900	10,909,037
Additions	-	156,275	95,379	43,092	294,746
Disposals	-	-	-	(15,369)	(15,369)
Depreciation expense	-	-	(96,701)	(9,633)	(106,334)
Revaluation increment	359,560	-	-	-	359,560
Balance at the end of the year	3,919,560	7,036,916	413,174	71,990	11,441,640

11 Intangible Assets

	2019	2018
	\$	\$
Bed licences at fair value	3,000,000	3,000,000

12 Trade and Other Payables

Trade payables	194,972	70,988
Sundry payables and accrued expenses	182,895	187,929
	377,867	258,917

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

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Notes to the Financial Statements For the Year Ended 30 June 2019

13 Employee Benefits

	2019	2018
	\$	\$
Long service leave	230,121	189,670
Annual leave	116,173	130,035
	<u>346,294</u>	<u>319,705</u>

14 Borrowings

Unsecured liabilities:

Accommodation bonds held	11,889,021	11,819,221
Retentions received in advance	-	32,418
	<u>11,889,021</u>	<u>11,851,639</u>

15 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 (chief operating decision maker) 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 Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated'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 Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated.

(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.

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Operating Segments

(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 Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(d) Segment performance

	Residential Aged Care		In Home Aged Care		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
REVENUE						
Operating grants	3,421,535	3,313,003	683,929	571,077	4,105,464	3,884,080
Facilities and associated charges	1,408,257	1,359,435	86,351	76,538	1,494,608	1,435,973
Bond retentions	27,826	47,333	-	-	27,826	47,333
Interest	127,647	153,392	242	68	127,889	153,460
Donations	2,410	2,604	-	-	2,410	2,604
Other income	12,890	74,628	479	10,232	13,369	84,860
Total segment revenue	5,000,565	4,950,395	771,001	657,915	5,771,566	5,608,310
Care employee expenses	(3,658,725)	(3,450,185)	(433,057)	(310,812)	(4,091,782)	(3,760,997)
Administration expenses	(94,084)	(97,729)	(5,221)	-	(99,305)	(97,729)
Facility operating expenses	(626,010)	(587,901)	(108,000)	(48,000)	(734,010)	(635,901)
Medical expenses	(307,864)	(319,494)	(209)	(25,930)	(308,073)	(345,424)
General operating expenses	(488,559)	(250,026)	(160,184)	(74,518)	(648,743)	(324,544)
Equipment expenses	(243,907)	(153,321)	-	(36,159)	(243,907)	(189,480)
Depreciation	(95,800)	(106,334)	-	-	(95,800)	(106,334)
Other expenses	(30,755)	(167,430)	-	-	(30,755)	(167,430)
Total segment expenses	(5,545,704)	(5,132,420)	(706,671)	(495,419)	(6,252,375)	(5,627,839)
Segment operating result	(545,140)	(182,024)	64,329	162,496	(480,809)	(19,529)

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Operating Segments

(e) Segment assets

	Residential Aged Care		In Home Aged Care		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	4,796,643	5,515,678	287,609	202,254	5,084,252	5,717,932
Trade and other receivables	1,095,490	742,802	7,317	5,773	1,102,807	748,575
Tax receivable	22,509	25,270	-	-	22,509	25,270
Other assets	39,936	33,552	-	-	39,936	33,552
	5,954,578	6,317,302	294,926	208,027	6,249,504	6,525,329
Property, plant & equipment	11,419,577	11,441,640	-	-	11,419,577	11,441,640
Bed licences	3,000,000	3,000,000	-	-	3,000,000	3,000,000
Total segment assets	20,374,155	20,758,942	294,926	208,027	20,669,081	20,966,969

(f) Segment liabilities

	Residential Aged Care		In Home Aged Care		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Trade and other payables	269,911	143,110	107,956	115,807	377,867	258,917
Accommodation bonds held	11,889,021	11,819,221	-	-	11,889,021	11,819,221
Retentions payable	-	32,418	-	-	-	32,418
Employee benefits	346,294	319,705	-	-	346,294	319,705
Total segment liabilities	12,505,226	12,314,454	107,956	115,807	12,613,182	12,430,261

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Permitted Uses Statement

Bond money received

	2019	2018
	\$	\$
Total of accommodation bond monies received between the period 1 July 2018 to 30 June 2019	<u>2,479,000</u>	<u>1,988,000</u>

Expenditure on permitted uses

Total on capital expenditure	73,872	294,746
Refunds of bond and entry contribution balances	<u>2,809,200</u>	<u>2,861,843</u>
Total	<u>2,883,072</u>	<u>3,156,589</u>

17 Contingencies

In the opinion of the Board, the Association did not have any contingencies at 30 June 2019 (30 June 2018:None).

18 Events after the end of the Reporting Period

Other than the ongoing financial impact of the Department of Health sanctions outlined in Note 19, no matters or circumstances have arisen since the end of the financial year which 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.

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.

The sanctions in relation to the nurse advisor and the education of staff remain in place until 5 December 2019 at which time these will be reassessed by the department.

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

ABN 40 077 109 029

Notes to the Financial Statements For the Year Ended 30 June 2019

20 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 entity, directly or indirectly, including any board member (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel - refer to Note 5, 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.

The following transactions occurred with related parties for the year ended 30 June 2019:

Ted Davis, a board member, received \$13,239 in consulting fees for industrial relations services.

21 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 139 as detailed in the accounting policies to these financial statements, are as follows:

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	5,084,251	5,717,932
Trade and other receivables	1,102,808	748,575
Total financial assets	<u>6,187,059</u>	<u>6,466,507</u>
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	377,867	258,917
At amortised cost	11,889,021	11,851,639
Total financial liabilities	<u>12,266,888</u>	<u>12,110,556</u>

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

22 Statutory Information

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

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

41 Burley Griffin Boulevard

Brompton SA 5007

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

ABN 40 077 109 029

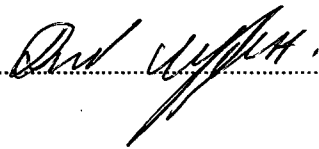
Statement by Members of the Board

In the opinion of the board the financial report as set out on pages 3 to 23:

1. Present fairly the financial position of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated will be able to pay its debts as and when they fall due.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Act 2012*

Board member



Board member



Dated this 4th day of November 2019

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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

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.

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 2019, 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 2019 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 Entities for the Financial Report

The responsible entities 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 entities 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 entities 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 STEPHENS



Graeme Rodda
Director

Adelaide

06 November 2019