



John Curtin
Aged Care

Financial Statements

For the Year Ended 30 June 2022

John Curtin Aged Care Inc.

ABN 20 681 711 683

Contents

For the Year Ended 30 June 2022

| | Page |
|--|---------|
| Financial Statements | |
| Board of Management Report | 1 |
| Statement of Profit or Loss and Other Comprehensive Income | 2 |
| Statement of Financial Position | 3 |
| Statement of Changes in Equity | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6 - 25 |
| Statement by Members of the Board | 26 |
| Independent Auditor's Report | 27 - 28 |
| Detailed Profit and Loss Account | 29 - 31 |

John Curtin Aged Care Inc.

ABN 20 681 711 683

**Board of Management Report
For the Year Ended 30 June 2022**

The Board Members present their report on John Curtin Aged Care Inc. for the financial year ended 30 June 2022.

Board members

The names of each person who has been a director during the year and to the date of this report are:

- Alison Trevenen (President)
- Steve Bruechert (Secretary)
- Richard Ainio (Treasurer)
- Susan Craven
- Sandra Campbell
- Neville Cartledge OAM
- Nicholas Cartledge
- John Edwards
- Malcolm Hull
- Mervyn McKay
- Robert Orr OAM
- Karen Robinson
- Joyce Ryall
- Trent Rutherford

Principal activities

The principal activity of John Curtin Aged Care Inc. during the financial year was provide a residential aged care facility for the people of Creswick and surrounding districts.

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

Review of operations

The loss of the association amounted to \$ 1,233,976 (2021: \$ 913,889)

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

Alison Trevenen



Richard Ainio



Dated 16 November 2022

John Curtin Aged Care Inc.

ABN 20 681 711 683

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

| | | 2022 | 2021 |
|--|------|--------------------|------------------|
| | Note | \$ | \$ |
| Revenue | 4 | 5,889,764 | 7,127,951 |
| Employee benefits expense | | (5,091,003) | (5,894,326) |
| Depreciation and amortisation expense | | (368,958) | (422,182) |
| Administration expenses | 5 | (302,459) | (291,915) |
| Allied health expenses | | (203,623) | (166,601) |
| Food expenses | | (219,309) | (222,928) |
| BIF funded expenditure | | (5,095) | (343,588) |
| Other expenses | | (933,293) | (700,300) |
| Loss from ordinary activities | | (1,233,976) | (913,889) |
| Income tax expense | | - | - |
| Loss for the year | | (1,233,976) | (913,889) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | (1,233,976) | (913,889) |

The accompanying notes form part of these financial statements.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Statement of Financial Position

As At 30 June 2022

| | Note | 2022 \$ | 2021 \$ |
|-------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 2,808,930 | 2,192,443 |
| Trade and other receivables | 7 | 311,643 | 278,975 |
| Other financial assets | 8 | 2,256,882 | 4,151,348 |
| Other assets | 9 | 159,045 | 72,660 |
| TOTAL CURRENT ASSETS | | <u>5,536,500</u> | <u>6,695,426</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 12,581,200 | 12,886,065 |
| TOTAL NON-CURRENT ASSETS | | <u>12,581,200</u> | <u>12,886,065</u> |
| TOTAL ASSETS | | <u>18,117,700</u> | <u>19,581,491</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 521,540 | 658,637 |
| Short-term provisions | 12 | - | 175,262 |
| Other liabilities | 13 | 12,880,834 | 12,724,712 |
| Employee benefits | 14 | 495,363 | 454,732 |
| TOTAL CURRENT LIABILITIES | | <u>13,897,737</u> | <u>14,013,343</u> |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 14 | 34,042 | 148,251 |
| TOTAL NON-CURRENT LIABILITIES | | <u>34,042</u> | <u>148,251</u> |
| TOTAL LIABILITIES | | <u>13,931,779</u> | <u>14,161,594</u> |
| NET ASSETS | | <u>4,185,921</u> | <u>5,419,897</u> |
| EQUITY | | | |
| Reserves | 15 | 6,341,880 | 6,341,880 |
| Retained earnings | | (2,155,959) | (921,983) |
| TOTAL EQUITY | | <u>4,185,921</u> | <u>5,419,897</u> |

The accompanying notes form part of these financial statements.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

| | Retained Earnings | Asset Revaluation Surplus | General Reserves | Total |
|--------------------------------|------------------------------|--|-----------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | (921,983) | 5,790,750 | 551,130 | 5,419,897 |
| Loss attributable to members | (1,233,976) | - | - | (1,233,976) |
| Balance at 30 June 2022 | (2,155,959) | 5,790,750 | 551,130 | 4,185,921 |

2021

| | Retained Earnings | Asset Revaluation Surplus | General Reserves | Total |
|--------------------------------|------------------------------|--|-----------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | (8,094) | 5,790,750 | 551,130 | 6,333,786 |
| Loss attributable to members | (913,889) | - | - | (913,889) |
| Balance at 30 June 2021 | (921,983) | 5,790,750 | 551,130 | 5,419,897 |

The accompanying notes form part of these financial statements.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Statement of Cash Flows For the Year Ended 30 June 2022

| | 2022 | 2021 |
|---|------------------------------|-------------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 5,675,764 | 6,969,704 |
| Payments to suppliers and employees | (7,119,282) | (7,402,012) |
| Interest received | 29,924 | 67,485 |
| Interest paid | (21,346) | (21,262) |
| Net cash used in operating activities | 23 <u>(1,434,940)</u> | <u>(386,085)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (64,093) | (64,049) |
| (Purchase)/redemption of investments (net) | <u>1,894,466</u> | 1,998,652 |
| Net cash provided by/(used in) investing activities | <u>1,830,373</u> | <u>1,934,603</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from residents' refundable deposits | 3,704,000 | 3,090,074 |
| Refunds of residents' refundable deposits | <u>(3,482,946)</u> | <u>(3,826,280)</u> |
| Net cash (used in)/provided by financing activities | <u>221,054</u> | <u>(736,206)</u> |
| Net increase in cash and cash equivalents held | 616,487 | 812,312 |
| Cash and cash equivalents at beginning of year | <u>2,192,443</u> | 1,380,131 |
| Cash and cash equivalents at end of financial year | 6(a) <u><u>2,808,930</u></u> | <u><u>2,192,443</u></u> |

The accompanying notes form part of these financial statements.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial statements cover John Curtin Aged Care Inc. as an individual entity. John Curtin Aged Care Inc. is a not-for-profit association incorporated in Victoria under the *Associations Incorporation Reform Act 2012 (Vic)*.

The principal activity of the association for the year ended 30 June 2022 was to provide a residential aged care facility for the people of Creswick and surrounding districts.

The functional and presentation currency of John Curtin Aged Care Inc. is Australian dollars.

The financial report was authorised for issue by the Members of the Board on 16 November 2022.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures* and the *Australian Charities and Not-for-profits Commission Act 2012* ('the Act').

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

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) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if applicable, bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position).

(c) Financial instruments

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; 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

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.

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.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

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.

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.

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Impairment on loans and receivables is reduced through the use of an allowance account, 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.

(d) 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.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model. Fair value assessments of land and buildings are conducted at least every five years by an independent valuer.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's 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 |
|----------------------------------|--------------------------|
| Buildings | 2.5% |
| Plant and Equipment | 10-20% |
| Furniture, Fixtures and Fittings | 10-20% |
| Motor Vehicles | 25% |
| Computer Equipment | 33% |

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.

(e) Impairment of non-financial assets

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(e) Impairment of non-financial assets (continued)

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

(f) Borrowings and other liabilities

Borrowings and other liabilities are classified as current liabilities unless the association has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date and does not expect to settle the liability for at least 12 months after the balance sheet date.

A liability is recorded in respect of resident accommodation bonds and deposits received from residents on their admission to the facility. The recorded amount represents the bonds and deposits received less any retention and interest amounts in accordance with the term of the related agreement, in compliance with the Aged Care Act 1997. The retention amount is calculated based on the entry anniversary date each month. Resident accommodation bond and deposit liabilities are classified as current liabilities as the association does not have an unconditional right to defer settlement for at least 12 months after reporting date. The obligation to settle could occur at any time.

(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) 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.

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

Grant revenue - Aged Care Funding Instrument (ACFI) subsidies

The association receives subsidies for extra assistance to care for residents. The subsidies are calculated on a daily rate which varies between residents according to the level of care required and are recognised as income on an accruals basis.

Donations

Donations and bequests are recognised as revenue when received.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(h) Revenue and other income (continued)

Interest revenue

Interest is recognised using the effective interest method.

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.

Independent Living Unit resident fees

Independent Living Unit (ILU) resident fees are recognised on a straight-line basis over a period of the respective resident agreement/licence agreement term so as to reflect a constant periodic rate of return.

Other income

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

(i) 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.

(j) 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). The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Receivables and payables are stated inclusive of GST.

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.

(k) Leases

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

This involves an assessment of whether:

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(k) Leases (continued)

Lessee accounting

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

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

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

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

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

Exceptions to lease accounting

The association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

The association has also elected to apply the temporary option available to not-for-profit entities (*AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*) and not measure a class of right-of-use assets that have significantly below-market terms and conditions in respect of the 99 year "peppercorn" lease referred to in Note 10.

(l) Economic dependence

John Curtin Aged Care Inc. is dependent on the Department of Health and Aged Care for the majority of its revenue used to operate the business. At the date of this report the Board Members have no reason to believe the Department of Health and Aged Care will not continue to support John Curtin Aged Care Inc.

(m) Comparative amounts

Comparatives are consistent with prior years, unless otherwise stated.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(n) Going concern

Notwithstanding the association's operating losses recognised in nine of the the past ten years, the financial report has been prepared on the going concern basis. This basis has been adopted as the Board believes that it is reasonably foreseeable that John Curtin Aged Care Inc. will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The reported loss of \$1,233,976 includes a non-cash depreciation allowance of \$368,958. The association achieved a reduced cash deficit of \$865,018 after adding-back depreciation.
- The loss in the current year has been contributed to by considerable challenges in receiving the full ACFI and other government subsidised living costs. This situation has been partially remedied post year end with the receipt of lump sum funds and the association expects that the new funding model (as detailed further in the following paragraph) which is in effect from October 2022, will fully remedy this and enable the association to return to a sustainable result from operations once fully established.
- As stated in Note 2(l), John Curtin Aged Care Inc. is dependent on the Australian Government's Department of Health and Aged Care for the majority of its revenue used to operate the business. Such funding has historically been received in line with claims made based on the ACFI entitlements associated with the level of care provided to our residents. During the year, however, there was a material decline in the level of funding provided with insufficient information provided by Agedcare/Services Australia to enable a reconciliation between the claims made and the amounts received. As a result, the entity has recorded revenue based upon the amounts received due to the uncertainty associated with residual amounts claimed but not received. From October 2022 onwards, the ACFI funding model has been replaced with a new Australian National Aged Care Classification (AN-ACC) model which is expected to improve the funding process. John Curtin Aged Care Inc. is continuing to pursue all claims for funding that have been claimed but not received during and subsequent to the year ended 30 June 2022.
- During the year, the association also experienced material unexpected and non-recurring expenses arising from the impact of COVID-19 mainly in the form of additional salaries and wages, cleaning and personal protective equipment. The association's response to COVID-19 has been thorough and so far successful in managing the impact of COVID-19 within the facility. Whilst the association will continue to incur some additional expenditure in respect of COVID-19 in the future, it is expected that this will continue to reduce over time.
- Organisational review: during the prior two years, the association participated in an industry wide benchmarking review conducted by PriceWaterhouseCoopers and Stewart Brown. This review identified a number of areas where the association has historically incurred expenditure above that expected for similar sized entities. As part of this process, the association engaged consultants to assist in reviewing specific areas including increasing ACFI revenues, optimising expenditure in line with industry benchmarks and seeking funding to assist with capital improvements and restructuring from the Business Improvement Fund (BIF) for aged care provided by the Australian Government. During the prior year, the association's application for funding and assistance under the BIF was successful and management and the Board have commenced a lengthy and challenging restructuring process which has included changes to a number of key roles within the association and which was completed during the current year. Following this process, John Curtin Aged Care Inc. has significantly reduced recurring operating expenditure.
- Strategic review of assets: a strategic review of surplus real estate assets held by John Curtin Aged Care Inc. is being performed with a view to development as Independent Living Units if supported by demand or potential sale if warranted.

Accordingly, the Board Members believe that the association will be able to pay its debts as and when due and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the association does not continue as a going concern.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(o) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Board Members have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the association.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments

The Board Members 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 judgments - 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 association based on prevailing government health restrictions and other known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions with which the association interacts. Other than as addressed in the reported results and specific notes, there does not currently appear to be either any significant impact upon the financial statements nor any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the ongoing Coronavirus (COVID-19) pandemic although developments continue to be closely monitored.

Key estimates - fair value of property

An independent valuation of property (land and buildings) was carried out in the 2020 financial year. The Board of Management has reviewed this valuation based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold. Note 19 provides information on inputs and techniques to determine the valuation.

Key estimates - provisions

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

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 estimates - useful lives of assets

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

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements For the Year Ended 30 June 2022

4 Revenue

| | 2022 | 2021 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| <i>Revenue from operations</i> | | |
| - BIF Grant funding | - | 464,469 |
| - Commonwealth subsidies | 3,821,220 | 4,067,322 |
| - COVID-19 Commonwealth supplement | - | 90,887 |
| - COVID-19 Commonwealth cash flow boost | - | 50,000 |
| - Other grants | 14,000 | - |
| - TAC funding | 7,112 | 153,528 |
| - Resident's fees | 1,524,993 | 1,585,603 |
| - Daily accomodation payment/contribution | 229,639 | 253,209 |
| - Ingoing fees (retentions) | 64,932 | 64,294 |
| - NDIS Income | 86,130 | 215,822 |
| - Cafe sales | 4,658 | 13,342 |
| - Laundry income | 56,956 | 56,906 |
| - Other income | 30,779 | 20,119 |
| | <u>5,840,419</u> | <u>7,035,501</u> |
| <i>Other revenue</i> | | |
| - Interest received | 24,091 | 47,373 |
| - Rental revenue from property investments | 20,969 | 35,106 |
| - Donations | 4,285 | 9,971 |
| | <u>49,345</u> | <u>92,450</u> |
| Total Revenue | <u>5,889,764</u> | <u>7,127,951</u> |

5 Expenditure

Administration expenses

| | | |
|--------------------------------|----------------|----------------|
| Accreditation expense | 14,774 | 3,964 |
| Administration expenses | 69,007 | 43,207 |
| COVID-19 | 27,868 | 68,854 |
| Compliance package | 26,494 | 20,747 |
| Computer charges | 130,920 | 119,807 |
| Interest - bank and bonds/RADs | 21,346 | 21,262 |
| Telephone | 12,050 | 14,074 |
| | <u>302,459</u> | <u>291,915</u> |

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements For the Year Ended 30 June 2022

6 Cash and Cash Equivalents

| | 2022 | 2021 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| Cash on hand | 279 | 195 |
| Cash at bank | 327,829 | 108,194 |
| Resident's trust accounts | 2,480,822 | 2,084,054 |
| | <u>2,808,930</u> | <u>2,192,443</u> |

(a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

| | | |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | <u>2,808,930</u> | <u>2,192,443</u> |
|---------------------------|------------------|------------------|

7 Trade and Other Receivables

CURRENT

| | | |
|--------------------------|----------------|----------------|
| Trade receivables | 306,282 | 267,716 |
| Provision for impairment | (21,925) | (21,418) |
| | <u>284,357</u> | <u>246,298</u> |
| GST receivable | 27,286 | 32,677 |
| | <u>311,643</u> | <u>278,975</u> |

8 Other Financial Assets

Held-to-maturity investments comprise:

| | | |
|----------------------------|------------------|------------------|
| Fixed interest investments | <u>2,256,882</u> | <u>4,151,348</u> |
|----------------------------|------------------|------------------|

9 Other Assets

CURRENT

| | | |
|------------------------------|----------------|---------------|
| Prepayments | 40,731 | 49,482 |
| Accrued income | 117,296 | 16,327 |
| Investment income receivable | 1,018 | 6,851 |
| | <u>159,045</u> | <u>72,660</u> |

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements For the Year Ended 30 June 2022

10 Property, plant and equipment

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| LAND AND BUILDINGS | | |
| <i>Freehold land</i> | | |
| Independent Living Units at fair value | 1,780,000 | 1,780,000 |
| Residential property at fair value | 590,000 | 590,000 |
| <i>Leasehold land</i> | | |
| Facility at fair value | 800,000 | 800,000 |
| Total Land | 3,170,000 | 3,170,000 |
| <i>Buildings</i> | | |
| Independent Living Units at fair value | 3,601,940 | 3,601,940 |
| Facility at fair value | 5,924,000 | 5,924,000 |
| Residential property at fair value | 118,060 | 118,060 |
| Accumulated depreciation | (482,200) | (241,100) |
| Total buildings | 9,161,800 | 9,402,900 |
| Total land and buildings | 12,331,800 | 12,572,900 |
| PLANT AND EQUIPMENT | | |
| <i>Plant and equipment</i> | | |
| At cost | 684,354 | 641,176 |
| Accumulated depreciation | (560,425) | (505,252) |
| Total plant and equipment | 123,929 | 135,924 |
| <i>Furniture, fixtures and fittings</i> | | |
| At cost | 419,494 | 409,579 |
| Accumulated depreciation | (312,278) | (261,259) |
| Total furniture, fixtures and fittings | 107,216 | 148,320 |
| <i>Motor vehicles</i> | | |
| At cost | 61,951 | 50,951 |
| Accumulated depreciation | (52,555) | (50,951) |
| Total motor vehicles | 9,396 | - |
| <i>Computer equipment</i> | | |
| At cost | 111,234 | 111,234 |
| Accumulated depreciation | (102,375) | (82,313) |
| Total computer equipment | 8,859 | 28,921 |
| Total plant and equipment | 249,400 | 313,165 |
| Total property, plant and equipment | 12,581,200 | 12,886,065 |

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Property, plant and equipment (continued)

The association's land and buildings were revalued as at 30 June 2020 by an independent valuer, Adrian K Doyle, Certified Practising Valuer of the Australian Property Institute. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date with a related adjustment applied to leasehold land. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in equity. The directors do not believe that there has been a material movement in fair value since the revaluation date.

Facility leasehold land is subject to a 99 year "peppercorn" lease (inclusive of an option to extend for a further period of 99 years) dated 6 March 1985 between the association and the Creswick District Hospital.

(a) 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 \$ | Furniture, Fixtures and Fittings \$ | Motor Vehicles \$ | Computer Equipment \$ | Total \$ |
|---------------------------------------|------------------|------------------|------------------------------|--|-------------------------|-----------------------------|-------------------|
| Year ended 30 June 2022 | | | | | | | |
| Balance at the beginning of year | 3,170,000 | 9,402,900 | 135,924 | 148,320 | - | 28,921 | 12,886,065 |
| Additions | - | - | 43,178 | 9,915 | 11,000 | - | 64,093 |
| Depreciation expense | - | (241,100) | (55,173) | (51,019) | (1,604) | (20,062) | (368,958) |
| Balance at the end of the year | 3,170,000 | 9,161,800 | 123,929 | 107,216 | 9,396 | 8,859 | 12,581,200 |

| | Land \$ | Buildings \$ | Plant and Equipment \$ | Furniture, Fixtures and Fittings \$ | Computer Equipment \$ | Total \$ |
|---------------------------------------|------------------|------------------|------------------------------|--|-----------------------------|-------------------|
| Year ended 30 June 2021 | | | | | | |
| Balance at the beginning of year | 3,170,000 | 9,644,000 | 199,751 | 178,723 | 56,321 | 13,248,795 |
| Additions | - | - | 27,257 | 32,254 | 4,538 | 64,049 |
| Disposals - written down value | - | - | (4,597) | - | - | (4,597) |
| Depreciation expense | - | (241,100) | (86,487) | (62,657) | (31,938) | (422,182) |
| Balance at the end of the year | 3,170,000 | 9,402,900 | 135,924 | 148,320 | 28,921 | 12,886,065 |

11 Trade and other payables

| | 2022 \$ | 2021 \$ |
|--------------------------------------|----------------|----------------|
| <i>CURRENT</i> | | |
| Trade payables | 358,016 | 523,599 |
| Sundry payables and accrued expenses | 163,524 | 135,038 |
| | 521,540 | 658,637 |

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements For the Year Ended 30 June 2022

12 Provisions

| | 2022 | 2021 |
|--------------------------------------|------|---------|
| Note | \$ | \$ |
| <i>CURRENT</i> | | |
| Provision for contingent expenditure | 21 - | 175,262 |

13 Other Liabilities

| | 2022 | 2021 |
|-----------------------------------|-------------------|-------------------|
| <i>CURRENT</i> | | |
| Refundable ingoing fees | 12,812,834 | 12,656,712 |
| Payable to vacating ILU residents | 68,000 | 68,000 |
| | 12,880,834 | 12,724,712 |

Residents' accommodation bonds and deposits are considered current liabilities as they are required to be repaid to residents within 14 days of leaving the facility. However, there is minimal likelihood that all residents will exit the facility at once. Notwithstanding, sufficient liquidity is maintained to cover these liabilities.

Certain of the residents who occupy the Independent Living Units (ILUs) have a condition in their agreement where, upon vacating the unit, they are entitled to receive a 50% share, less capital improvements made by the association, of the appreciation of the licence fee (i.e. where the incoming resident pays a licence fee and that amount is higher than the original licence fee paid by the incumbent resident). The amount recognised as 'Payable to vacating ILU residents' is the estimated amount payable to the residents were they to vacate at balance date.

14 Employee Benefits

| | 2022 | 2021 |
|----------------------------------|----------------|---------|
| <i>CURRENT</i> | | |
| Provision for long service leave | 201,957 | 131,014 |
| Provision for annual leave | 293,406 | 323,718 |
| | 495,363 | 454,732 |
| <i>NON-CURRENT</i> | | |
| Provision for long service leave | 34,042 | 148,251 |
| | 529,405 | 602,983 |

Notes to the Financial Statements

For the Year Ended 30 June 2022

15 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

(b) General reserve

The general reserve is comprised of the Sinking Fund and the Future Maintenance Reserve and records funds set aside for the future expansion of John Curtin Aged Care Inc.

16 Operating Segments

Identification of reportable segments

The association has two separate business segments:

- (i) The Facility RACS 3310 – in which residents are cared for daily by nurses. The Association also receives Government funding to help cover the expenses of running the Facility; and
- (ii) The Independent Living Units – in which residents live independently, with only limited assistance from the Association if required. No Government funding is received in respect of the Independent Living Units.

Accounting policies adopted

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Inter-segment transactions

There are no transactions or transfers between segments of the association.

Geographical information

All segments of the association operate within the community of Creswick and surrounding areas.

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Operating Segments (continued)

(a) Statement of Profit or Loss

| | Facility RACS 3310 | | Independent Living Units | | Total | |
|-----------------------|--------------------|------------------|--------------------------|------------------|--------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | | |
| Retentions | - | - | 64,932 | 64,294 | 64,932 | 64,294 |
| Fees | 1,648,092 | 1,745,783 | 120,287 | 105,570 | 1,768,379 | 1,851,353 |
| Commonwealth grants | 3,835,220 | 4,672,678 | - | - | 3,835,220 | 4,672,678 |
| Other | 217,451 | 532,188 | 3,782 | 7,438 | 221,233 | 539,626 |
| | 5,700,763 | 6,950,649 | 189,001 | 177,302 | 5,889,764 | 7,127,951 |
| EXPENDITURE | | | | | | |
| Depreciation | 278,910 | 332,134 | 90,048 | 90,048 | 368,958 | 422,182 |
| Wages | 4,650,426 | 5,557,596 | 94,480 | 155,342 | 4,744,906 | 5,712,938 |
| Other | 1,899,434 | 1,814,417 | 110,442 | 92,303 | 2,009,876 | 1,906,720 |
| | 6,828,770 | 7,704,147 | 294,970 | 337,693 | 7,123,740 | 8,041,840 |
| Operating loss | (1,128,007) | (753,498) | (105,969) | (160,391) | (1,233,976) | (913,889) |

(b) Statement of Financial Position

| | | | | | | |
|--------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Current assets | | | | | | |
| Cash | 2,807,310 | 1,234,971 | 1,620 | 957,472 | 2,808,930 | 2,192,443 |
| Investments | 1,756,882 | 3,651,348 | 500,000 | 500,000 | 2,256,882 | 4,151,348 |
| Other | 470,688 | 351,635 | - | - | 470,688 | 351,635 |
| | 5,034,880 | 5,237,954 | 501,620 | 1,457,472 | 5,536,500 | 6,695,426 |
| Non-current assets | | | | | | |
| Property, plant & equipment | 7,379,357 | 7,594,173 | 5,201,843 | 5,291,892 | 12,581,200 | 12,886,065 |
| Total Assets | 12,414,237 | 12,832,127 | 5,703,463 | 6,749,364 | 18,117,700 | 19,581,491 |
| Current liabilities | | | | | | |
| Refundable fees | 10,835,842 | 10,559,139 | 2,044,992 | 2,165,573 | 12,880,834 | 12,724,712 |
| Other | 1,016,903 | 1,288,631 | - | - | 1,016,903 | 1,288,631 |
| Payable from Facility to ILU | 686,836 | (132,515) | (686,836) | 132,515 | - | - |
| | 12,539,581 | 11,715,255 | 1,358,156 | 2,298,088 | 13,897,737 | 14,013,343 |
| Non-current liabilities | | | | | | |
| Other | 34,042 | 148,251 | - | - | 34,042 | 148,251 |
| | 12,573,623 | 11,863,506 | 1,358,156 | 2,298,088 | 13,931,779 | 14,161,594 |
| Net assets | (159,386) | 968,621 | 4,345,307 | 4,451,276 | 4,185,921 | 5,419,897 |

(c) Segment Equity

| | | | | | | |
|---------------------|------------------|----------------|------------------|------------------|------------------|------------------|
| Equity | | | | | | |
| Reserves | 3,374,707 | 3,374,707 | 2,967,173 | 2,967,173 | 6,341,880 | 6,341,880 |
| Accumulated surplus | (3,534,093) | (2,406,086) | 1,378,134 | 1,484,103 | (2,155,959) | (921,983) |
| Total equity | (159,386) | 968,621 | 4,345,307 | 4,451,276 | 4,185,921 | 5,419,897 |

Notes to the Financial Statements

For the Year Ended 30 June 2022

17 Financial Risk Management

The main risks John Curtin Aged Care Inc. is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

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:

| | | 2022 | 2021 |
|--|----|-------------------|-------------------|
| | | \$ | \$ |
| Financial Assets | | | |
| Cash and cash equivalents | 6 | 2,808,930 | 2,192,443 |
| Trade and other receivables | 7 | 311,643 | 278,975 |
| Held-to-maturity investments | 8 | 2,256,882 | 4,151,348 |
| Total financial assets | | 5,377,455 | 6,622,766 |
| Financial Liabilities | | | |
| <i>Financial liabilities at amortised cost</i> | | | |
| Trade and other payables | 11 | 521,540 | 658,637 |
| Provisions | 12 | - | 175,262 |
| Financial liabilities | 13 | 12,812,834 | 12,656,712 |
| Total financial liabilities | | 13,334,374 | 13,490,611 |

18 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the association is \$ 253,968 (2021: \$ 148,468).

19 Fair Value Measurement

The association measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

| | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Notes to the Financial Statements

For the Year Ended 30 June 2022

19 Fair Value Measurement (continued)

Valuation techniques

The association selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the assets or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach*: used prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risk. When selecting a valuation technique, the association gives priority to these techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The table below shows the assigned level for each asset and liability held at fair value by the association:

| | | Level 1 | Level 2 | Level 3 | Total |
|--|----|---------|------------|---------|------------|
| | | \$ | \$ | \$ | \$ |
| 30 June 2022 | | | | | |
| Recurring fair value measurements | | | | | |
| Land and buildings | 10 | - | 12,814,000 | - | 12,814,000 |
| | | - | 12,814,000 | - | 12,814,000 |
| 30 June 2021 | | | | | |
| Recurring fair value measurements | | | | | |
| Land and buildings | 10 | - | 12,814,000 | - | 12,814,000 |
| | | - | 12,814,000 | - | 12,814,000 |

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

Net Fair Values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amount of trade and other receivables, trade and other payables and financial liabilities are assumed to approximate their fair values due to their short-term nature.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements For the Year Ended 30 June 2022

20 Auditors' Remuneration

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$ | \$ |
| <i>Remuneration of the auditor, Grant Cooper, for:</i> | | |
| - auditing the financial statements | 9,500 | 9,200 |
| - assistance with financial reporting disclosures | 2,500 | 2,200 |
| | <u>12,000</u> | <u>11,400</u> |

21 Contingencies

In the opinion of the Directors, the association did not have any contingencies at 30 June 2022 (30 June 2021:Nil).

22 Related Parties

There were no transactions between related parties during the financial year.

23 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

| | 2022 | 2021 |
|--|--------------------|------------------|
| | \$ | \$ |
| Loss for the year | (1,233,976) | (913,889) |
| <i>Non-cash flows in result:</i> | | |
| - resident fees drawn from refundable bonds | (64,932) | (77,451) |
| - depreciation | 368,958 | 422,182 |
| - net loss (gain) on disposal of property, plant and equipment | - | 4,597 |
| <i>Changes in assets and liabilities:</i> | | |
| - (increase) in trade and other receivables | (38,566) | (63,639) |
| - increase in provision for doubtful debts | 507 | - |
| - decrease in prepayments | 8,751 | 6,641 |
| - decrease in GST receivable | 5,391 | 2,925 |
| - (increase) in accrued income | (95,136) | (10,705) |
| - increase/(decrease) in trade and other payables | (137,097) | 334,476 |
| - increase/(decrease) in other provisions | (175,262) | 42,976 |
| - (decrease) in employee benefits | (73,578) | (134,198) |
| Cashflow from operations | <u>(1,434,940)</u> | <u>(386,085)</u> |

24 Events after the end of the Reporting Period

The financial report was authorised for issue on 16 November 2022 by the Board of Management.

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.

John Curtin Aged Care Inc.

ABN 20 681 711 683

Notes to the Financial Statements

For the Year Ended 30 June 2022

25 Association Details

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

John Curtin Aged Care Inc.
5 Cushing Avenue
Creswick Vic 3363

John Curtin Aged Care Inc.

ABN 20 681 711 683

Statement by Members of the Board

The Board Members of the association declare that:

1. The financial statements and notes, as set out on pages 2 to 25, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Accounting Standards *Australian Accounting Standards - Simplified Disclosures*; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the association.
2. In the Board Members' opinion, 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 Members of the Board.

Alison Trevenen



Richard Ainio



Dated 16 November 2022

John Curtin Aged Care Inc.



Independent Auditor's Report to the members of John Curtin Aged Care Inc.

Opinion

We have audited the financial report of John Curtin Aged Care Inc. (the association), which comprises the statement of financial position as at 30 June 2022, 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 John Curtin Aged Care Inc. 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 association's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with *Australian Accounting Standards - Simplified Disclosures* 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 association 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 (including Independence Standards)* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(n) in the financial report, which indicates that the association incurred a net loss of 1,079,453 for the year ended 30 June 2022. As stated in Note 2(n), these events or conditions, along with other matters as set forth in Note 2(n), indicate that a material uncertainty exists that may cast significant doubt on the association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the association are responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards - Simplified Disclosures* 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 persons are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain

John Curtin Aged Care Inc.



Independent Auditor's Report to the members of John Curtin Aged Care Inc.

professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

COOPER AUDIT AND ACCOUNTING PTY LTD

GRANT COOPER

Director

ASIC Registered Company Auditor Number 421726

Ballarat Victoria

Dated 16 November 2022

John Curtin Aged Care Inc.

ABN 20 681 711 683

For the Year Ended 30 June 2022

Disclaimer

The additional financial data presented on pages 29 - 31 is in accordance with the books and records of the association which have been subjected to the auditing procedures applied in our statutory audit of the association for the year ended 30 June 2022. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than John Curtin Aged Care Inc.) in respect of such data, including any errors or omissions therein however caused.

COOPER AUDIT AND ACCOUNTING PTY LTD



GRANT COOPER
Director

Ballarat Victoria

Dated 16 November 2022

John Curtin Aged Care Inc.

ABN 20 681 711 683

For the Year Ended 30 June 2022

Detailed Profit and Loss Account

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Income | | |
| BIF Grant funding | - | 464,469 |
| Cafe sales | 4,658 | 13,342 |
| Commonwealth subsidies | 3,821,220 | 4,067,322 |
| COVID-19 Commonwealth cash flow boost | - | 50,000 |
| COVID-19 Commonwealth supplement | - | 90,887 |
| Daily accomodation payment/contribution | 229,639 | 253,209 |
| Donations | 4,285 | 9,971 |
| ILU - Maintenance fees | 106,540 | 93,029 |
| Interest income | 24,091 | 47,373 |
| Laundry income | 56,956 | 56,906 |
| Licence Fee Retention | 64,932 | 64,294 |
| NDIS Income | 86,130 | 215,822 |
| Other grants | 14,000 | - |
| Other income | 30,779 | 20,119 |
| Rental income | 20,969 | 35,106 |
| Resident's fees | 1,418,453 | 1,492,574 |
| TAC funding | 7,112 | 153,528 |
| Total Income | 5,889,764 | 7,127,951 |
| Less: Expenses | | |
| Accreditation expense | 14,774 | 3,964 |
| Administration expenses | 69,009 | 43,207 |
| Allied health expenses | 203,623 | 166,601 |
| BIF funded expenditure | 5,095 | 343,588 |
| Cafe expenses | 46 | 2,424 |
| Cleaning | 66,074 | 68,335 |
| Compliance package | 26,494 | 20,747 |
| Computer charges | 130,920 | 119,807 |
| Consulting and professional fees | 232,876 | 98,736 |
| COVID-19 | 27,868 | 68,854 |
| Depreciation | 368,958 | 422,182 |
| Donations | 235 | 200 |
| Dosette administration | 17,037 | 26,889 |
| Electricity | 76,733 | 66,114 |
| Food expenses | 219,309 | 222,928 |
| Garden and grounds | 6,687 | 4,195 |
| Gas | 55,471 | 41,357 |
| Insurance | 45,935 | 44,423 |
| Interest - bank and bonds/RADs | 21,346 | 21,262 |
| Medical supplies | 111,495 | 112,938 |
| Motor vehicle/bus expenses | 22,247 | 4,726 |
| Operational expenses | 34,374 | 32,174 |
| Other employee costs | 194,713 | 63,880 |
| Rates and taxes | 24,590 | 30,629 |
| Repairs and maintenance/room refurbishment | 186,595 | 128,922 |

John Curtin Aged Care Inc.

ABN 20 681 711 683

For the Year Ended 30 June 2022

Detailed Profit and Loss Account

| | 2022 | 2021 |
|--------------------------------|---------------------------|-------------------------|
| | \$ | \$ |
| Resident's activities | 7,180 | 3,270 |
| Salaries | 4,281,475 | 5,129,030 |
| Security costs | 7,275 | 4,062 |
| Staff training | 3,063 | 8,931 |
| Superannuation contributions | 419,543 | 465,887 |
| Telephone | 12,050 | 14,074 |
| Waste disposal | 38,442 | 30,906 |
| Workers compensation insurance | 192,208 | 226,598 |
| Total Expenses | <u>7,123,740</u> | <u>8,041,840</u> |
| Net Operating Loss | <u>(1,233,976)</u> | <u>(913,889)</u> |