

Aged & Community Services Australia

ABN: 48 609 882 288

Financial Statements

For the Year Ended 30 June 2020

Aged & Community Services Australia

ABN: 48 609 882 288

Contents

For the Year Ended 30 June 2020

	Page
Financial Statements	
Operating Report	1 - 8
Auditor's Independence Declaration to the	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 28
Directors' Declaration	29
Independent Audit Report	30 - 31
Committee of Management Statement	32

Aged & Community Services Australia

ABN: 48 609 882 288

Operating Report

30 June 2020

This Operating Report has been prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Sara Blunt	Director / Chair	
Stephen Cornelissen	Director / Deputy Chair	
Lucy O'Flaherty	Director	
Gregory Skelton	Director	Resigned 20 March 2020
Mark Sewell	Director	
Stephanie Buckland	Director	

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

Principal activities and significant changes in nature of activities

The principal activities of Aged & Community Services Australia during the financial year were:

- Supporting members and associates by providing policy and advocacy services; employee relations; member advice and assistance; education; and industry focussed media and communications.
- Pay per service activities comprising projects; events; employee relations; and consulting services.

There were no significant changes in the nature of Aged & Community Services Australia's principal activities during the financial year.

Short term objectives

The Company's short term objectives are designed to meet the overall organisational goal. To this end ACSA continues to provide members and associates with a full range of support services. Additional focus will be provided on education, advice and information on the recently announced Royal Commission into Aged Care.

Long term objectives

To advocate for, and support, our not-for-profit members to continue to provide high quality services valued by older people.

ACSA is committed to being a strong and effective advocate for our members by providing a strong national voice and leading the national aged care agenda, delivering efficient services at the local level through effective internal processes and governance.

Aged & Community Services Australia

ABN: 48 609 882 288

Operating Report

30 June 2020

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

BE THE LEADER

- Provide industry leadership
- Develop strategic policy
- Lead and respond to the reform agenda
- Own an information base (data and evidence)
- Advocate for the industry

BE THERE FOR OUR MEMBERS

- Understand member needs
- Provide for Regional, Rural and Remote
- Develop the industry's workforce
- Improve the image of the industry

BE THERE FOR OUR MEMBERS

- Understand member needs
- Provide for Regional, Rural and Remote
- Develop the industry's workforce
- Improve the image of the industry

BE THE CONNECTION

- Government
- Consumers
- Workers
- Peak bodies within and outside the industry
- Connection between members

Operating Report

30 June 2020

Strategy for achieving the objectives

BE EFFECTIVE

- Effectively transition to a single national entity
- Leadership at all levels within ACSA
- Have the right people in the right jobs providing the right services
- Lead by example for our industry
- Enhance ACSA's service offering
- Provide policy support
- Generate opportunity for members
- Support high-quality business practice
- Assist in responding to changes in the market

Performance measures

The following measures are used within the Company to monitor performance:

- Proportion of industry represented
- Net promotor score
- Achieve budget targets

Operations of ACSA over 2019-20

The FY20 year in review was unlike any other year we have experienced - commencing with an horrendous bushfire season and then the COVID-19 pandemic that challenged us greatly as individuals, communities and professionals in the aged care sector.

ACSA members and staff prevailed against an adversary we knew little about, but we adapted and learned as change became the one constant.

None of this would have been possible without:

- o the support of all of our members and the amazing work they have done in adversity this year;
- o our partners and supporters who have constantly looked at how they can support ACSA and its members as we evolved and changed to operating in a COVID environment; and
- o the ACSA Board for having a vision and challenging and supporting the ACSA team to ensure that we are delivering for our members.

Operating Report

30 June 2020

Operations of ACSA over 2019-20

The key positive from this year is that we have learned much and know what change is required as we move toward living and working in a COVID-19 normal world.

However, without doubt COVID-19 made a terrible impact and exposed the aged care fault lines clearly for all to see.

We would hope that the Royal Commission addresses these fault lines, especially as the final report is the best chance of creating a better future for older Australians who need aged care, their families and all of us working in aged care.

The year in review also saw a substantial increase in the number of member inquiries particularly throughout the early months of the COVID-19 pandemic, where information and legislation was rapidly evolving.

Given this rapid rate of information flow and change, responding to member queries during this period required working in regular and close contact with the Commonwealth Department of Health and other governments, seeking clarity and confirmation on a range of queries to ensure accurate and timely support for members during this time. In response to the number of COVID-19 issues, ACSA prepared and published a summary COVID-19 reference guide for members which continues to be updated regularly.

ACSA continued to support and participate in State and National Advisory Committee meetings as well as state and territory topic specific and network meetings. We also participated in other forums including the Aged Care Peaks meeting with the Department of Health, Services Australia, and the Department of Veterans' Affairs, and with the Department of Health on the Home Care Packages Program. This continued presence ensures ACSA's advocacy remains consistent with the requirements and concerns of our members and that our voice is heard in these crucial conversations.

Our support for the members during the COVID-19 pandemic also included:

- o A series of free COVID-19 webinars that informed 1,419 members on a range of topics across residential care, home care, and retirement living.
- o successfully changing the course of the public conversation around visitor restrictions through consistent advocacy efforts and regular media engagement.
- o representing members through a range of advocacy efforts including regular Ministerial, state and federal government liaison efforts, submissions, calls for funding and the Visitor Code.
- o ACSA's partners providing specialist resources and expert support , and offering in-demand products through the PPE/Urgent Product Finder on ACSA Procurement.

At 30 June 2020 ACSA maintained a healthy balance sheet, which is important to allow the organisation to support its members and have productive relationships with stakeholders.

As noted in the previous year's report, ACSA is continuing to focus on increasing the revenue streams for the organisation.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Aged & Community Services Australia

ABN: 48 609 882 288

Operating Report

30 June 2020

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 Company.

Payments and other benefits

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

Information on directors

Sara Blunt

Qualifications

Experience

Bachelor of Business, RN, MAICD, AFCHSM, VFF.

Sara has strong leadership and executive experience having held positions across health, aged, community, regulatory and military sectors over the past 30 years. This includes her current role as CEO and previously D/CEO of a large Aged Care NFP, CEO of a Multi-Purpose Service in a remote setting and executive position in state regulation.

Sara's military experience includes UN Operation Restore Hope earning her an Australian Active Service Medal and Honorary Aide Camp to SA Governors Dame Roma Mitchell and Sir Eric Neal.

Sara's military and overseas experiences have given her a strong view that Australia is a good society to live in and as a result she has actively contributed to a wide range of Boards and Advisory Committees over her career. Sara has a humanitarian view and is highly focussed on improving the systems, structures and services for older people ensuring wellbeing and quality of life for ageing citizens.

Stephen Cornelissen

Qualifications

Experience

Adjunct Professor Stephen Cornelissen
BN, MHA, Grad Cert CCL, Dip SI, FAICD

Stephen is an experienced health care executive who has worked in a range of roles in hospitals, community organisations and central bureaucracy in both metropolitan and rural settings in Australia and New Zealand.

Stephen has served on a number of national and state advisory groups, and maintains an active profile in local community initiatives. He is committed to, and passionate about, improving care and services for people, particularly those who are disadvantaged or facing adversity.

Stephen has been awarded by the Australian Catholic University the honorary title of Adjunct Professor in recognition of leadership in the area of health and aged care services.

Stephen is a Director of Global Ageing Network; Director of Parmedicine Australasia (until July 2020); and a Member of Finance and Risk Board Sub Committee - ACSA.

Aged & Community Services Australia

ABN: 48 609 882 288

Operating Report

30 June 2020

Information on directors

Lucy O'Flaherty

Qualifications

Grad Dip. (Bus), Adv. Dip. of Social and Community services, Dip. of Solutions

Experience

Lucy has extensive experience working in the Aged and Community Care sector and is currently working towards opening Australia's first Dementia Village, Korongee. Lucy has significant experience in the areas of sector reform having led large teams through industry and legislative changes. Combined with her former career in hospitality and marketing she provides a well-rounded and practical approach to business, with the passion and drive to raise the bar in Aged Care Standards across Australia. She serves as the Chair for ACSA (Tasmanian Divisional Council), and as a Director of the Aged Care Workforce Industry Council, is a Member of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management, in which she won the Australian Not For Profit Leader of the Year 2016.

Gregory Skelton

Qualifications

Resigned 20 March 2020

B.Bus, CPA, Leading Change (London Bus, School), MBA (Strategic Management)

Experience

Greg has in excess of 20 years' experience in aged care, finance and logistics. A qualified CPA with a degree in business and an MBA in strategic management, Greg is also a member of the Australian Institute of Company Directors. He serves on the Presbyterian Church of Queensland Finance and Administration Board and is a Director/Governor of St Andrew's Toowoomba Hospital; and as Audit and Finance Chairman on the PMSA Group of Schools.

Mark Sewell

Qualifications

Bachelor Social Science (Sociology) CSU, Grad Cert Public Service Mgt UNSW, MBA (Business Law) UNE, Graduate Company Director GAICD.

Experience

Mark's experience includes: CEO and Company Secretary of Warrigal, a NFP aged care and retirement living provider operating at 12 locations across SE NSW; Chair of Lighthouse church and community care services; Regional Councillor Illawarra Business Chamber; ACSA Board member and NSW Divisional Councillor and Illawarra Regional Chair; Illawarra Regional Manager DoCS Disability Services; NSW Deputy Director Ageing Disability and Home Care Services; Chair of Cedars College; NSW Ministerial Advisory Council for Minister for the Illawarra. Note: Mark was appointed to the ACSA Board in November 2018.

Aged & Community Services Australia

ABN: 48 609 882 288

Operating Report

30 June 2020

Information on directors

Stephanie Buckland

Qualifications

Stephanie has a Bachelors Degree in Marketing from the Pennsylvania State University and a Masters Degree in Business Administration from the University of Virginia.

Experience

Stephanie has an extensive background in leadership, marketing and product management and has worked across a variety of sectors including aged care, tourism, banking and over-the-counter pharmaceuticals. Since joining Amana Living in 2016, she has worked with her team to initiate a program of change and transformation to bring Amana Living closer to its customers. Significant initiatives include the Dedicated Staffing Model implemented in all residential care centres; the launch of the Amana Living Training Institute registered training organisation; and the innovative Amana Living Arts Festival. Stephanie is a Director of Anglicare Australia; Chair of St George's Anglican Grammar School; and a member of the Curtin University Business School Advisory Council.

Note: Stephanie was appointed to the ACSA Board in February 2019.

Meetings of directors

During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Sara Blunt	6	5
Stephen Cornelissen	6	6
Lucy O'Flaherty	6	4
Gregory Skelton	4	4
Mark Sewell	6	6
Stephanie Buckland	4	4

Aged & Community Services Australia

ABN: 48 609 882 288

**Operating Report
30 June 2020**

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

Director:
Sara Blunt

Director:
Stephen Cornelissen

Dated 27 November 2020

Aged & Community Services Australia

ABN: 48 609 882 288

Auditor's Independence Declaration to the Directors of Aged & Community Services Australia

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

27 November 2020

Aged & Community Services Australia

ABN: 48 609 882 288

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	2	11,335,246	10,556,722
Other income		11,289	-
Employee benefits expense	23	(6,238,278)	(5,303,667)
Depreciation and amortisation expense		(544,525)	(79,758)
Finance costs		(51,970)	-
Consultants		(956,592)	(1,034,004)
Occupancy expenses		(93,788)	(665,800)
IT and communication expenses		(283,059)	(373,394)
Travel and accommodation		(174,054)	(229,998)
Conferences and events		(2,097,931)	(1,425,164)
Other operating expenses		(611,369)	(456,386)
Loss on disposal of assets		-	(7,736)
Projects reserve expenditure		-	(207,650)
Surplus for the year		294,969	773,165
Other comprehensive income		-	-
Total comprehensive income for the year		294,969	773,165

The accompanying notes form part of these financial statements.

Aged & Community Services Australia

ABN: 48 609 882 288

Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,231,678	4,467,513
Trade and other receivables	5	1,712,669	1,613,073
Other assets	7	194,679	172,164
TOTAL CURRENT ASSETS		6,139,026	6,252,750
NON-CURRENT ASSETS			
Property, plant and equipment	6	101,384	157,038
Right-of-use assets	8	1,063,327	-
TOTAL NON-CURRENT ASSETS		1,164,711	157,038
TOTAL ASSETS		7,303,737	6,409,788
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	575,091	756,054
Lease liabilities	8	446,782	-
Employee benefits	11	581,225	439,857
Other liabilities	10	2,914,845	3,375,858
TOTAL CURRENT LIABILITIES		4,517,943	4,571,769
NON-CURRENT LIABILITIES			
Lease liabilities	8	632,364	-
Employee benefits	11	96,016	75,574
TOTAL NON-CURRENT LIABILITIES		728,380	75,574
TOTAL LIABILITIES		5,246,323	4,647,343
NET ASSETS		2,057,414	1,762,445
EQUITY			
Projects reserve		329,697	395,640
Retained earnings		1,727,717	1,366,805
TOTAL EQUITY		2,057,414	1,762,445

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Aged & Community Services Australia

ABN: 48 609 882 288

Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Retained Earnings	Projects Reserve	Total
	\$	\$	\$
Balance at July 1, 2019	1,366,805	395,640	1,762,445
Surplus for the year	294,969	-	294,969
Transfer to/(from) reserve	65,943	(65,943)	-
Balance at 30 June 2020	1,727,717	329,697	2,057,414

2019

	Retained Earnings	Projects Reserve	Total
	\$	\$	\$
Balance at July 1, 2018	385,990	603,290	989,280
Surplus for the year	773,165	-	773,165
Transfer to/(from) reserve	207,650	(207,650)	-
Balance at 30 June 2019	1,366,805	395,640	1,762,445

The accompanying notes form part of these financial statements.

Aged & Community Services Australia

ABN: 48 609 882 288

Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and partners	5,196,715	4,381,773
Other receipts	3,753,419	3,182,775
Grants received	2,692,573	2,726,874
Contributions from States and ACSA Inc.	-	1,621,066
Payments to suppliers and employees	(11,364,809)	(10,373,841)
Interest paid	(51,970)	-
Net cash provided by/(used in) operating activities	19 <u>225,928</u>	<u>1,538,647</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(23,137)	(51,224)
Proceeds from sale of property, plant and equipment	24,524	4,545
Net cash provided by/(used in) investing activities	<u>1,387</u>	<u>(46,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(463,150)	-
Net cash provided by/(used in) financing activities	<u>(463,150)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	(235,835)	1,491,968
Cash and cash equivalents at beginning of year	4,467,513	2,975,545
Cash and cash equivalents at end of financial year	4 <u>4,231,678</u>	<u>4,467,513</u>

The accompanying notes form part of these financial statements.

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

The financial report covers Aged & Community Services Australia ("the Company") as an individual entity. Aged & Community Services Australia is a not-for-profit Company, registered and domiciled in Australia. Aged & Community Services Australia is a Company limited by guarantee.

The functional and presentation currency of Aged & Community Services Australia is Australian dollars.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the *Corporations Act 2001* and the *Fair Work (Registered Organisations) Act 2009*. The Company is a not for profit entity for financial reporting purposes under the Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accrual basis, and are based on historical costs.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and *Fair Work (Registered Organisations) Act 2009*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs.

1 Summary of Significant Accounting Policies

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

(b) Leases

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.

(c) 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 Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue from the rendering of services is recognised as revenue upon delivery of the service to the customer. This includes revenue from national partners, membership, consulting, events and conferences.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(c) Revenue and other income
returns, discounts and rebates.

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

(d) Contributions from members, partners and government

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

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

(e) 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.

(f) Property, plant and equipment

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

Items of property, plant and equipment transferred for nil or nominal consideration have been recorded at the acquisition date at fair value.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	25 - 33.3%
Motor Vehicles	20%

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Fixed asset class	Depreciation rate
Computer Equipment	33.3 - 100%
Leasehold improvements	2.5 - 20%
Right-of-use assets	10-20%

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.

(g) 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.

(h) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) Adoption of new and revised accounting standards

Revenue from Contracts with Customers Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of NotforProfit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Impact of adoption of AASB 15

On adoption of AASB 15 the Company had no change to opening balances.

Leases Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catchup) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(i) Adoption of new and revised accounting standards

restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for shortterm leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for shortterm leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of shortterm and low-value leases) recognised as operating leases under AASB 117: Leases where the Company is the lessee. The lease liabilities are measured at the present value of the remaining lease payments. A borrowing rate as at 1 July 2019 of 4% was used to discount the lease payments.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not reassessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the rightofuse asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the rightofuse asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straightline basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

Notes to the Financial Statements
For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(i) Adoption of new and revised accounting standards

- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

The adoption of AASB 16 resulted in a right-of-use asset of \$1,542,297 being recognised on 1 July 2019.

	1 July 2019
	\$
Operating lease commitments disclosed as at 1 July 2019 (AASB 117)	1,143,815
Discounted using the weighted average incremental borrowing rate of 4% (AASB 16)	(150,408)
Adjustment as a result of different treatment of extension options	548,890
Right-of-use assets (AASB 16)	<u>1,542,297</u>

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards.

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Revenue and Other Income

	2020	2019
	\$	\$
- operating grants	2,666,066	1,533,942
- government stimulus	643,000	-
- interest	8,956	6,236
- contributions from States and ACSA Inc.	-	1,621,066
- national partners	613,079	506,957
- membership	4,002,554	3,958,624
- consultancy income	1,016,811	880,067
- events and conferences	1,743,432	1,699,192
- other revenue	641,348	350,638
- financial support received from another reporting unit	-	-
- fees incurred as consideration for employers making payroll deductions of membership deductions	-	-
Total Revenue	11,335,246	10,556,722

3 Result for the Year

- Other finance costs	51,970	-
Total finance costs	51,970	-

The result for the year includes the following specific expenses:

Net loss on disposal of property, plant and equipment	-	7,736
Bad debts	25,354	(2,324)
affiliation fees paid	-	-
compulsory levies paid	-	-
grants or donations paid	-	-
fees or allowances to persons to attend conferences or meetings as a representative of the reporting unit paid	-	-
expenses incurred with holding meetings of members or any conferences or meeting of councils, committees, panels or other bodies	-	-
penalties imposed under RO Act incurred	-	-
legal costs in respect of litigation	-	-
legal costs in respect of other legal matters	123,439	76,423

4 Cash and Cash Equivalents

Cash at bank	3,945,800	4,193,152
Deposits at call	282,351	273,861
Other cash and cash equivalents	3,527	500
	4,231,678	4,467,513

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

5 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	981,791	927,072
Related party receivables	640,225	679,772
Other receivables	90,653	6,229
Receivables from another reporting unit	-	-
Total current trade and other receivables	1,712,669	1,613,073

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

6 Property, plant and equipment

PLANT AND EQUIPMENT	
Furniture, fixtures and fittings	
At cost	55,824
Accumulated depreciation	(53,547)
Total furniture, fixtures and fittings	2,277
Motor vehicles	
At cost	-
Accumulated depreciation	(30,358)
Total motor vehicles	14,287
Computer equipment	
At cost	97,096
Accumulated depreciation	(53,126)
Total computer equipment	43,970
Leasehold improvements	
At cost	178,680
Leasehold Improvements	(123,543)
Total improvements	55,137
Total property, plant and equipment	101,384

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

6 Property, plant and equipment

(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:

	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2020					
Balance at the beginning of year	10,317	14,287	43,239	89,195	157,038
Additions	-	-	23,137	-	23,137
Disposals - written down value	-	(13,235)	-	-	(13,235)
Depreciation expense	(8,040)	(1,052)	(22,406)	(34,058)	(65,556)
Balance at the end of the year	2,277	-	43,970	55,137	101,384

	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2019					
Balance at the beginning of year	25,453	36,616	12,532	123,252	197,853
Depreciation expense	(16,019)	(10,048)	(19,634)	(34,057)	(79,758)
Additions	883	-	50,341	-	51,224
Disposals	-	(12,281)	-	-	(12,281)
Balance at the end of the year	10,317	14,287	43,239	89,195	157,038

7 Other Assets

CURRENT

Prepayments

194,679 172,164

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

8 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Right-of-use assets

	Buildings \$	Total \$
Year ended 30 June 2020		
Balance at beginning of year	1,542,297	1,542,297
Depreciation charge	(478,970)	(478,970)
Balance at end of year	1,063,327	1,063,327

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2020					
Lease liabilities	446,782	509,381	122,983	1,079,146	1,079,146

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 \$	2019 \$
Interest expense on lease liabilities	(51,970)	-
Depreciation of right-of-use assets	(478,970)	-

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

9 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	260,979	232,277
Sundry payables and accrued expenses	314,112	523,777
Payables to employers as consideration for employers making payroll deductions of membership subscriptions	-	-
Payables in respect of legal costs and other expenses related to litigation	-	-
Payables in respect of legal costs and other expenses related to other legal matters	-	-
Payables to another reporting unit	-	-
	<u>575,091</u>	<u>756,054</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

10 Other Liabilities

CURRENT		
Grants received in advance	1,469,354	779,324
Sponsorships received in advance	(14,036)	237,091
Events income received in advance	215,502	11,981
Membership fees received in advance	1,244,025	2,347,462
	<u>2,914,845</u>	<u>3,375,858</u>

11 Employee Benefits

Current liabilities		
Long service leave	75,508	70,045
Annual leave	505,717	369,812
	<u>581,225</u>	<u>439,857</u>
Non-current liabilities		
Long service leave	96,016	75,574

Notes to the Financial Statements

For the Year Ended 30 June 2020

12 Reserves

Projects Reserve

The Projects reserve represents revenues recognised in the prior years in relation to projects whereby an obligation to defer the funds were not present.

The Directors have created a reserve to identify the funds to be used on current and future projects.

13 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

2020	2019
\$	\$

13 Financial Risk Management

13 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at 30 June 2020 which demonstrates the effect in the current year's surplus and equity which could result from a change in interest rates. A 1% increase would have resulted in an increase to surplus and equity of \$42,317 (2019: \$44,846). A decrease in interest rates would have the opposite effect on surplus and equity.

14 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 100 each towards meeting any outstandings and obligations of the Company. At 30 June 2020 the number of members was 515 (2019: 523).

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Aged & Community Services Australia during the year are as follows:

Short-term employee benefits	756,060	829,940
Post-employment benefits	56,489	77,675
	812,549	907,615

16 Auditors' Remuneration

Remuneration of the auditor for:

- auditing or reviewing the financial statements (HLB Mann Judd)	17,500	17,500
Total	17,500	17,500

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (June 30, 2019:None).

18 Related Parties

(a) The Company's main related parties are as follows:

Aged & Community Services Australia's related parties include:

- Aged & Community Services Australia Incorporated (ACSA Inc.);
- Aged & Community Services NSW & ACT (ACS NSW);
- Aged & Community Services Western Australia Incorporated (ACS WA); and
- Key management personnel - refer to Note 15.

(b) 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:

	Purchases	Sales	Balance owed to the Company
ACSA Inc.	5,500	45,047	640,225
ACS WA	14,132	10,595	3,537

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

19 Cash Flow Information

Reconciliation of net income to cash flows from operating activities:

	2020	2019
	\$	\$
Surplus for the period:	294,969	773,165
Non-cash flows in surplus/(deficit):		
- depreciation	544,525	79,758
- (gain)/loss on disposal of property, plant and equipment	(11,289)	7,736
- bad debts (recovered)	25,354	(2,324)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(124,950)	(709,993)
- (increase)/decrease in other assets	(22,515)	85,414
- increase/(decrease) in income in advance	(461,012)	1,172,334
- increase/(decrease) in trade and other payables	(180,964)	67,856
- increase/(decrease) in provisions	161,810	64,701
Cashflows from operating activities	<u>225,928</u>	<u>1,538,647</u>

20 Events after the end of the Reporting Period

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Company at the reporting date. As responses by government continue to evolve, the Company recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Company, its operations, its future results and financial position.

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

21 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of Section 272, which reads as follows:

Information to be provided to members or the General Manager:

(1) A member of a reporting unit, or the General Manager may apply to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Aged & Community Services Australia

ABN: 48 609 882 288

Notes to the Financial Statements For the Year Ended 30 June 2020

22 Statutory Information

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

Suite 3, Level 6
22-24 Collins Street
Melbourne VIC 3000

23 Expenses

(a) Employee expenses

(i) Holders of office:

	2020	2019
	\$	\$
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Other employee expenses	-	-
Separation and redundancies	-	-
Total	-	-

(ii) Employees other than office holders

Wages and salaries	5,420,052	4,755,933
Superannuation	497,248	420,606
Leave and other entitlements	161,811	91,233
Other employee expenses	159,167	62,427
Total	6,238,278	5,330,199

Aged & Community Services Australia

ABN: 48 609 882 288

Directors' Declaration

In accordance with a resolution of the Directors of Aged & Community Services Australia, the Directors declare that:

1. The financial statements and notes, as set out on pages 10 to 28 , are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and *Fair Work (Registered Organisations) Act 2009*. and:

- (a) comply with Australian Accounting Standards; and
- (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the entity.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Director
Sara Blunt

Director
Stephen Cornelissen

Dated 27 November 2020

Aged & Community Services Australia

Independent Audit Report to the members of Aged & Community Services Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aged & Community Services Australia (the Company), which comprises the statement of financial position as at 30 June 2020, 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 directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Enter details here]

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

27 November 2020

Committee of Management Statement

With regard to the general purpose financial report (GPFR) for the year ended 30 June 2020, the committee declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) in relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - (ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers; and
 - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers.

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

.....
Sara Blunt (Committee Member)

.....
Stephen Cornelissen (Committee Member)

Dated 27 November 2020