

# **Aged Care Deloraine Inc**

## **Financial Statements**

**For the Year Ended 30 June 2022**

**Aged Care Deloraine Inc**

# **Financial Statements**

**For the Year Ended 30 June 2022**

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**Aged Care Deloraine Inc**

ABN: 41 461 770 404

Address: PO Box 270, (11 East Barrack St), DELORAIN, TAS 7304

Phone: 6362 8300

## Statement of Income and Retained Earnings

For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
<b>Operating revenue</b>		
Resident fees and charges	2,855,484	2,560,960
Government subsidies and supplements	7,112,872	6,563,770
Other revenue	59,290	60,917
	<u>10,027,646</u>	<u>9,185,647</u>
<b>Operating expenses</b>		
Employee costs	7,646,838	7,160,767
Resident care supplies	559,606	276,477
Catering expenses	416,349	411,483
Cleaning and laundry expenses	77,612	67,064
Property and maintenance expenses	219,919	170,592
Utilities expenses	250,815	253,337
Administration expenses	368,733	351,107
Depreciation	783,150	725,782
	<u>(10,323,022)</u>	<u>(9,416,609)</u>
<b>Operating surplus/(deficit)</b>	<b>(295,376)</b>	<b>(230,962)</b>
<b>Non-operating items</b>		
Donations	68,820	167,149
Profit/(Loss) on disposal of assets	11,628	(462)
Capital grants	406,420	198,410
Interest revenue	2,334	2,294
Interest expense	(262,476)	(266,719)
<b>Net surplus/(deficit)</b>	<b>(68,650)</b>	<b>(130,290)</b>
<b>Retained earnings</b>		
Retained earnings at the start of the year	5,425,041	5,555,331
Net surplus/(deficit)	(68,650)	(130,290)
<b>Retained earnings at the end of the year</b>	<b>5,356,391</b>	<b>5,425,041</b>

## Statement of Financial Position

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	2	2,424,807	2,878,815
Trade and other receivables	3	530,198	449,274
Prepayments		152,539	128,225
<b>TOTAL CURRENT ASSETS</b>		<b>3,107,544</b>	3,456,314
NON-CURRENT ASSETS			
Property, plant and equipment	4	16,004,109	15,947,488
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,004,109</b>	15,947,488
<b>TOTAL ASSETS</b>		<b>19,111,653</b>	19,403,802
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	5	453,049	380,502
Resident deposits	7	7,454,104	7,408,973
Borrowings	6	173,549	173,549
Provisions	8	682,091	694,802
Other liabilities	9	257,772	445,878
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,020,565</b>	9,103,704
NON-CURRENT LIABILITIES			
Borrowings	6	4,588,799	4,756,311
Provisions	8	145,898	118,746
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,734,697</b>	4,875,057
<b>TOTAL LIABILITIES</b>		<b>13,755,262</b>	13,978,761
<b>NET ASSETS</b>		<b>5,356,391</b>	5,425,041
<b>EQUITY</b>			
Retained surpluses		5,356,391	5,425,041
<b>TOTAL EQUITY</b>		<b>5,356,391</b>	5,425,041

## Statement of Cash Flows

For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Resident fees received	2,851,301	2,574,406
Government funding received	7,080,405	6,566,148
Payments to employees	(7,551,896)	(7,171,512)
Payments to suppliers	(2,170,031)	(1,747,383)
Receipts from other sources	59,290	60,917
Interest received	2,334	2,294
GST refunded/(remitted)	187,993	164,839
Net cash (used in)/provided by operating activities	12 <u>459,396</u>	<u>449,709</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of property, plant & equipment	12,500	-
Purchase of property, plant & equipment	(807,643)	(722,661)
Net cash used in investing activities	<u>(795,143)</u>	<u>(722,661)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Resident deposits received	2,374,314	3,054,267
Resident deposits refunded	(2,329,183)	(1,744,555)
Interest paid	(262,476)	(266,719)
Capital grant received	197,776	330,954
Repayment of borrowings	(167,512)	(253,862)
Donations received	68,820	167,149
Net cash (used in)/provided by financing activities	<u>(118,261)</u>	<u>1,287,234</u>
Net increase in cash and cash equivalents held	(454,008)	1,014,282
Cash and cash equivalents at beginning of year	2,878,815	1,864,533
Cash and cash equivalents at end of financial year	2 <u>2,424,807</u>	<u>2,878,815</u>

# **Notes to the Financial Statements**

**For the Year Ended 30 June 2022**

The financial report covers Aged Care Deloraine Inc as an individual entity. Aged Care Deloraine Inc is a not-for-profit, incorporated and domiciled in Australia.

The principal activities of the for the year were the provision of residential aged care accommodation and related services.

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

## **1 Summary of Significant Accounting Policies**

### **(a) Basis of Preparation**

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

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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

### **(b) Revenue and other income**

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The Association recognises revenue from aged care services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non discretionary services, as agreed in a single contract with the resident. Fees received in advance of aged care services performed are recognised as contract liabilities and are included within Trade and Other Payables.

#### *Government funded revenue*

Government funded revenue reflects the Association's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Revenue funded by the Australian Government is derived under the Association's contracts with customers

The Australian Government funded revenue comprises basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short term 'respite' residents and other Government income. Revenue is recognised over time as services are provided.

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies continued

#### (b) Revenue and other income continued

Funding claims are submitted/updated daily, and the Australian Government funded revenue is usually received within approximately one month of services having been performed.

##### *Resident basic daily fee revenue*

Residents are charged a basic daily fee as a contribution to the provision of care and accommodation. The quantum of resident basic daily fees is regulated by the Australian Government and typically increased in March and September each year. Resident basic daily fee revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and cash is usually received within 30 days.

##### *Other resident revenue*

Other resident revenue represents other fees charged to residents in respect of care and accommodation services provided by the Association and includes means tested care fees, daily accommodation payment or daily accommodation contribution, additional services revenue and other income. Other resident revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and cash is usually received within 30 days.

Grant revenue is recognised in the period in which services funded by the Government are provided by the Association. Where the funding that is received which relates to future periods, that portion of the revenue is recognised as a liability on the balance sheet. Grants for capital purposes are recognised as revenue when the obligations under funding contract are met.

Donations and bequests are recognised as revenue at the time the pledge is made.

Interest is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when it is received or when the right to receive payment is established.

#### (c) 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.

#### (d) Employee benefits

Provision is made for the '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. Changes in the measurement of the

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies continued

- (d) **Employee benefits continued**  
liability are recognised in profit or loss.

(e) **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.

#### Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

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

Buildings	2 - 5%
Plant, equipment and fixtures	5 - 50%
Motor Vehicles	18 - 22.5%

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.

(f) **Impairment of non-financial assets**

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

Where the recoverable amount for a non-financial asset is less than the carrying amount, an impairment loss is recognised in profit or loss.

(g) **Accommodation Contributions**

#### Residential Aged Care

Accommodation contributions are non interest bearing deposits made by aged care facility residents to the provider and are provided to assist the provider in providing capital infrastructure, and are initially recognised as a liability.

The liability for accommodation deposits and bonds is carried at the amount that would be payable on departure or transfer of the resident.

Accommodation bonds received prior to 1 July 2014 are non interest bearing deposits made by aged care facility residents upon their admission to low care. In accordance with resident agreements, a portion of each bond is recognised as revenue proportionately over a set period. The liability for accommodation bonds is carried at the amount that would be payable on departure or transfer of the resident. This is the amount received on entry of the resident less deductions for fees and retention's pursuant to the Aged Care Act 1997.



## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies continued

#### (g) Accommodation Contributions continued

##### Residential Aged Care continued

From 1 July 2014, residents can elect for their accommodation contribution to be paid as a Daily Accommodation Payment ("DAP") or a Refundable Accommodation Deposit ("RAD"), or a combination of both. RADs do not have an amortisation factor, however, residents can choose for their DAP (and some other charges) to be drawn against the RAD.

Accommodation bonds receivable become interest bearing after a set period, with the interest rate varying according to the agreement. This interest revenue is recognised on an accrual basis over the period it is earned.

Accommodation bonds and RADs are guaranteed under the Accommodation Bond (Guarantee Scheme) which came into operation on 31 May 2006. The Guarantee Scheme enables the Commonwealth to step in and refund accommodation bond or entry contribution balances to residents if the approved provider has defaulted on its financial obligations due to bankruptcy or insolvency. After the refunds have been made, the Commonwealth becomes the creditor (unsecured) for those amounts. The Commonwealth then pursues the defaulting approved provider for recovery of funds through normal insolvency procedures. The Guarantee Scheme is established under the Aged Care (Bond Security) Act 2006 .

#### (h) Income Tax

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

#### (i) 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.

#### (j) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

#### (k) Financial instruments

Financial instruments are recognised on the date that Aged Care Deloraine becomes party to the contractual provisions of the instrument.

# Notes to the Financial Statements

For the Year Ended 30 June 2022

## 1 Summary of Significant Accounting Policies continued

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 of Aged Care Deloraine are divided into the following categories which are described in detail below:

- loans and receivables;
- held-to-maturity investments.

### 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 Aged Care Deloraine's trade and most other receivables fall into this category of financial instruments.

### 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 Aged Care Deloraine's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

### *Impairment of financial assets*

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

### Financial assets at amortised cost

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

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

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies continued

#### Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Aged Care Deloraine'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.

#### (I) Critical accounting estimates and judgments

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

These estimates and judgments 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.

### 2 Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	1,197	1,339
Cash at bank	2,204,938	1,987,604
Short-term bank deposits	218,672	889,872
	<u>2,424,807</u>	<u>2,878,815</u>

### 3 Trade and other receivables

Resident fees receivable	113,346	88,626
Net government subsidies receivable/(payable)	416,852	360,648
	<u>530,198</u>	<u>449,274</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 4 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	<b>1,062,306</b>	1,062,306
Buildings		
At cost	<b>22,514,868</b>	22,397,395
Less: accumulated depreciation	<b>(8,706,266)</b>	(8,213,772)
	<b>13,808,602</b>	14,183,623
Total land and buildings	<b>14,870,908</b>	15,245,929
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<b>27,377</b>	34,463
Plant and equipment		
At cost	<b>2,828,669</b>	2,179,055
Less: accumulated depreciation	<b>(1,797,728)</b>	(1,511,959)
	<b>1,030,941</b>	667,096
Total plant and equipment	<b>1,030,941</b>	667,096
Motor vehicles		
At cost	<b>105,871</b>	28,842
Less: accumulated depreciation	<b>(30,988)</b>	(28,842)
	<b>74,883</b>	-
<b>Total property, plant and equipment</b>	<b>16,004,109</b>	15,947,488

### Movements in Carrying Amount

	Capital Works	Land & buildings	Plant & equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
Opening balance	34,463	15,245,929	667,096	-	15,947,488
Additions	413,840	117,473	232,332	77,029	840,674
Disposals	-	-	(903)	-	(903)
Transfers	(420,926)	-	420,926	-	-
Depreciation	-	(492,494)	(288,510)	(2,146)	(783,150)
<b>Closing balance</b>	<b>27,377</b>	<b>14,870,908</b>	<b>1,030,941</b>	<b>74,883</b>	<b>16,004,109</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 5 Trade and other payables

	2022	2021
	\$	\$
Trade payables	108,121	122,316
GST payable/(refundable)	(48,755)	(21,998)
Payroll accruals	355,682	275,923
Accrued expenses	38,001	4,261
	<u>453,049</u>	<u>380,502</u>

### 6 Borrowings

#### CURRENT

##### Secured liabilities:

Bank loans	(b) <u>173,549</u>	173,549
	<u>173,549</u>	<u>173,549</u>

#### NON-CURRENT

##### Secured liabilities:

Bank loan - secured	(b) <u>430,549</u>	576,171
Loan from Meander Valley Council	(a) <u>3,762,000</u>	3,762,000
NRAS grant mortgage liability	(c) <u>396,250</u>	418,140
	<u>4,588,799</u>	<u>4,756,311</u>

#### (a) Loan from Meander Valley Council

The loan from Meander Valley Council is comprised of an advance of \$3,600,000 and a vendor finance loan of \$162,000, both relating to the acquisition of land at Westbury for the construction of affordable retirement living units. Payments are on interest-only terms, paid quarterly. The advance is due for repayment in June 2023, whilst the vendor finance loan which was originally due for repayment in 2017, and was formally extended to June 2020. Subsequently the Association has been informed that this has been rolled forward.

#### (b) Bank Loans

Loans from the ANZ bank are secured by registered first mortgage over the land and buildings held by the Association and associated entities. Repayment terms are a combination of interest only and principal and interest, with an average interest rate of 4.50%.

#### (c) NRAS grant mortgage liability

Funding received in 2012 and 2014 for the development of affordable housing units is subject to a reducing mortgage liability arrangement, which expires over a period of 30 years. The liability is secured by registered second mortgage over specified land and buildings of the association.

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 7 Resident deposits

	2022	2021
	\$	\$
Refundable Accommodation Deposits (RADs)	6,820,318	6,775,187
Accommodation bonds	633,786	633,786
	<u>7,454,104</u>	<u>7,408,973</u>

### Prudential Compliance

The Association has complied in all respects with the Prudential Standards relating to residential aged care deposits and bonds. In particular, the Association maintains identifiable cash deposits that are sufficient for the purpose of repaying accommodation bonds and deposits that it can reasonably expect to refund during the forthcoming year as determined by the Association's Liquidity Management Strategy.

### 8 Provisions

#### CURRENT

Provision for annual leave	488,491	494,409
Provision for long service leave	193,600	200,393
	<u>682,091</u>	<u>694,802</u>

#### NON-CURRENT

Provision for long service leave	145,898	118,746
	<u>145,898</u>	<u>118,746</u>

### 9 Other Liabilities

Resident funds held in trust	169,925	149,387
Capital grants unexpended	87,847	296,491
	<u>257,772</u>	<u>445,878</u>

### 10 Key Management Personnel

The remuneration paid to key management personnel of the Association is \$ 406,674 (2021: \$ 399,196).

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 11 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor of Aged Care Deloraine Inc, Synectic Audit & Assurance, for:		
- Audit of financial report and associated services	11,120	10,800
<b>Total</b>	<b>11,120</b>	<b>10,800</b>

### 12 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:		
Total comprehensive income for the year	(68,649)	(130,290)
Cash flows excluded from profit attributable to operating activities		
Capital grants received	(406,420)	(198,410)
Donations	(68,820)	(167,149)
Interest expense	262,476	266,719
Wage capitalisation	(33,000)	-
Non-cash flows in profit:		
Depreciation	783,150	725,782
Profit/(Loss) on disposal of assets	(11,628)	462
Changes in assets and liabilities:		
Trade and other receivables	(80,925)	(36,755)
Prepayments	(24,314)	(29,315)
Trade and other payables	72,546	(34,581)
Deferred income	20,538	13,860
Provisions	14,442	39,386
Cashflows from operations	<b>459,396</b>	<b>449,709</b>

### 13 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the , the results of those operations, or the state of affairs of the in future financial years.

### 14 Association Details

The registered office of the Association is:

Aged Care Deloraine Inc  
7 East Barrack Street  
DELORAIN TAS 7304

## Board Declaration

The board declare that in their opinion:

- the financial statements and notes present fairly the financial position of the Association at 30 June 2022 and its performance for the year ended on that date.
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.
- there are reasonable grounds to believe that the Association is able to pay all of its debts, as and when they become due and payable; and

Signed in accordance with a resolution of the board.



Chairman .....

Dated this 12<sup>th</sup> day of October 2022



## Auditor's Independence Declaration

To the Board of Aged Care Deloraine Inc

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor of Aged Care Deloraine Inc for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

### Synectic Audit & Assurance Pty Ltd

Benjamin Coull  
**Director**

Date: 12 October 2022

# Independent Auditor's Report

To the Members of Aged Care Deloraine Inc

## Report on the Audit of the Financial Report

We have audited the financial report of Aged Care Deloraine Inc (the Association), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the board declaration.

### Opinion

In our opinion the accompanying financial report of Aged Care Deloraine Inc is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (the Act), including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance and cash flows for the year ended on that date; and
- (b) 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 ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Responsibilities of the Board for the Financial Report

The board of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance Australian Accounting Standards – Simplified Disclosures and the *ACNC Act* and for such internal control as the board 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 board 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 board either intend to liquidate the Association 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of management's 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.
- 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 board 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 board 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.

**Synectic Audit & Assurance Pty Ltd**

Benjamin Coull  
**Director**

Date: 12 October 2022