ASSISI CENTRE

ASSISI CENTRE INCORPORATED

ABN 33 929 275 686

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

ASSISI CENTRE INCORPORATED

CONTENTS

ASSISI CENTRE INCORPORATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue	2	11,399,056	8,961,010
Expenses			
Employee Benefits and Management Fees		6,470,093	6,204,825
Depreciation and Amortisation		624,263	504,407
Catering Provisions and Expenses		405,578	397,092
Facility Cleaning and Maintenance		284,116	451,940
Resident Care and Support Programs Expenses		414,443	404,942
Other Costs of Accommodation		406,933	351,245
Communication and Administration Expenses		372,648	390,768
Other Expenses		63,528	33,075
Total Operating Expenses		9,041,601	8,738,294
Operating Surplus		2,357,455	222,716
Fair value movement of interest rate swap	4	122,741	(26,656)
Net Operating Surplus		2,480,196	196,060
Other Comprehensive Income for the Year		-	-
Revaluation of Property		3,663,476	-
Total Comprehensive Income for the Year		6,143,672	196,060
Total comprehensive income attributable to members of the entity		6,143,672	196,060

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,760,963	2,941,301
Trade and Other Receivables	6	2,309,980	1,160,340
TOTAL CURRENT ASSETS		7,070,943	4,101,641
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	43,683,658	33,889,779
Intangible Assets	8	4,815,737	4,816,888
TOTAL NON-CURRENT ASSETS		48,499,396	38,706,667
TOTAL ASSETS		**55,570,339**	**42,808,308**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	1,370,592	1,055,520
Employee Benefits	10	1,084,283	945,169
Short term financial liabilities	11	22,088,414	11,525,767
Fair value of interest rate swap	4, 11	18,204	140,945
TOTAL CURRENT LIABILITIES		24,561,493	13,667,401
NON-CURRENT LIABILITIES			
Employee Benefits	10	192,797	154,937
Long term financial liabilities	11	50,330	4,363,923
TOTAL NON CURRENT LIABILITIES		243,127	4,518,860
TOTAL LIABILITIES		**24,804,620**	**18,186,261**
NET ASSETS		**30,765,719**	**24,622,047**
EQUITY			
Retained Earnings		6,146,460	3,666,264
Asset Revaluation Reserve		24,619,259	20,955,783
TOTAL EQUITY		**30,765,719**	**24,622,047**

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2012	3,470,204	20,955,783	24,425,987
Surplus attributable to members	196,060	-	196,060
Other Comprehensive Income for the Year	-	-	-
Total Comprehensive Income for the Year	196,060	-	196,060
Balance at 30 June 2013	**3,666,264**	**20,955,783**	**24,622,047**
Surplus attributable to members	2,480,196	-	2,480,196
Other Comprehensive Income for the Year	-	-	-
Revaluation	-	3,663,476	3,663,476
Total Comprehensive Income for the Year	2,480,196	3,663,476	6,143,672
Balance at 30 June 2014	**6,146,460**	**24,619,259**	**30,765,719**

The accompanying notes which form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Operating Activities		8,872,155	8,221,743
Payments to Suppliers & Employees		(8,058,197)	(8,180,719)
Chapel Ceremonies		4,759	3,578
Committee Fundraising		58,120	43,985
Donations Received		2,041,599	92,114
Interest Received		203,347	260,250
Rental Income		116,508	111,699
Net Cash Provided by Operating Activities	**15**	**3,238,292**	**552,650**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(6,633,853)	(9,993,421)
Purchase of Intangible Assets		(8,645)	(8,912)
Net cash used in investing activities		**(6,642,498)**	**(10,002,333)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in Trust Funds held on behalf of residents		5,058	5,990
Lease finance principal payments		(12,516)	(11,523)
Bank Loan		(800,000)	4,300,000
Net Accommodation Bonds Received		6,031,325	2,521,749
Net cash provided by financing activities		**5,223,867**	**6,816,216**
Net Increase / (Decrease) in Cash and cash Equivalents		**1,819,662**	**(2,633,467)**
Cash and Cash Equivalents at beginning of financial year		**2,941,301**	**5,574,768**
Cash and cash Equivalents at end of financial year	**5**	**4,760,963**	**2,941,301**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

General information

The financial statements cover Assisi Centre Incorporated as an individual entity. The financial statements are presented in Australian dollars which is Assisi Centre Incorporated's functional and presentation currency.

The financial statements were authorised for issue on 27 October 2014.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

New, revised or amended Accounting Standards Interpretations adopted

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Association from the adoption of these Accounting Standards and interpretations are disclosed below. The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the incorporated association:

AASB 1053 Application of Tiers of Australian Accounting Standards
The incorporated association has applied AABS 1053 from 1 July 2012. This standard establishes a different financial reporting framework consisting of two Tiers of reporting requirements for general purpose financial statements , Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The incorporated association being classed as Tier 2 continues to apply the full recognition and measurements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010- 2 and later amending Standards, as relevant.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
The incorporated association has applied AASB 2010 - 2 from July 2012. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the incorporated association's disclosure requirements.

AASB 2011 - 2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements, AASB 2012 - 7 Amendments to Australian Accounting Standards arising form Reduced Disclosure Requirements AASB 2012 - 11 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments

The incorporated association has applied AASB 2011 - 2, AASB 2012 - 7 and 2012 - 11 amendments from 1 July 2012 to the extent that they related to other standards already adopted by the incorporated association. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations to significantly reduce the incorporated association's disclosure requirements.

AASB 13 Fair Value Measure

A new standard was issued in September 2011 and is mandatory for annual reporting periods beginning on or after 1 January 2013. It defines fair value, and sets out in a single standard framework for measuring fair value. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy. It also requires enhanced disclosures regarding all assets and liabilities. When this standard was first adopted on 1 July 2013, additional disclosures have been required about fair values.

AASB 119 Employee Benefits

This standard was re-issued in September 2012 and is mandatory for annual reporting periods beginning on or after 1 January 2013. The standard introduces a number of changes to the accounting and presentation of defined benefit plans. It also changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. Employee benefits expected to be settled (as opposed to due to settle under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of the end of the reporting period is to be discounted when calculating leave liability. There was no material effect from adopting this standard when it was first adopted.

AASB 2012- 5 Amendments to Australian Accounting Standards arising from Annual improvements 2009 - 2011 Cycle

The incorporated association has applied AASB 2012 - 5 from 1 July 2012. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - *Reduced Disclosure Requirements* of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Reform Act 2012* and other regulations as appropriate for not-for-profit entities. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Historical cost convention

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, (modified, where applicable by the measurement of selected non-current assets, financial assets and financial liabilities). The amounts presented in the financial statements have been rounded to the nearest dollar.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1p.

Going concern

Despite the deficit working capital position $17,490,549 (current assets less current liabilities), financial statements have been prepared on a going concern basis because current liabilities includes resident funded loans of $18,574,821 in the form of resident entry contributions and accommodation bonds.
The rolling nature of resident funded loans is such that the repayment of a bond is offset by a new resident funded incoming loan.
Refer also to note 1(d), detailing the historical turnover statistics.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it s expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; is expected to be realised with twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle as liability for at least twelve months after the reporting period. All other assets are classified as non-current.

An liability is current when it s expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of he liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

a. Income Tax

The incorporated association is a charitable institution, therefore, tax effect accounting has not been applied as the Association is exempt from Income Tax under Section 50 - 5 of the Income Tax Assessment Act 1997, as amended. The Association is also exempt from Capital Gains Tax and Fringe Benefits Tax.

b. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent values, less subsequent depreciation.

The last independent valuation was performed by Colliers International on 28 Septeber 2014 whereby the freehold land and buildings were reflected at fair value less subsequent depreciation for buildings. Refer to note 7 for details of fair value.

In the periods since the previous independent valuation of land and buildings have been subject to redevelopmentand extension costs and have not been materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of net gain on revaluation of non current assets. All other decreases are charged to the statement of comprehensive income.

As the revalued buildings are depreciated the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the asset revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the historical cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

	Depreciation rate	Method of depreciation
Furniture and Fittings		
- Furniture: trolleys, chairs, transporters, beds, mattresses, tv's	15 - 25%	Diminishing value
- Permanent fixtures i.e. cupboards	50%	Diminishing value
Office Equipment	35 - 40%	Diminishing value
Plant and Equipment	15% - 30%	Diminishing value
Motor Vehicles	18.75% - 22.50%	Diminishing value
Property Improvements	2.5% PC	Purchased cost
Building at valuation	4% PC	Purchased cost

The independent valuation was performed in 2014, refer Note 7

The assets' residual values and lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

c. Intangibles

Approved Provider Bed Licences

Approved Provider bed licences are issued by the Commonwealth Government. Holders of Approved Provider bed licences receive government funding for the provision of care services.

Approved licenses are recorded at deemed cost upon the introduction of AIFRS as at 30 June 2006. During the year an additional 30 beds licenses were approved at no cost.

Intangible assets including bed licences are accounted for using deemed cost and testing for impairment. Under AASB 138 *Intangible Assets,* it is required that there be an active market for bed licences to be valued at fair value or at deemed cost less any accumulated impairment. The existence of an active market for bed licences has been questioned. Assisi Centre Inc. records its bed licences at deemed cost.

Each year, the bed licences are reviewed for impairment. During the year ended 30 June 2014, it became apparent through bed licence sales and industry guidance, Aged Care Legislation reforms may impact of the aged care industry resulting in uncertainty to the industry and the possible values of bed licences. Management have considered the impact of possible impairment issues in determining the carrying value of the bed licences at 30 June 2014.

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for indications of impairment.

d. Residents' Entry Contributions and Accommodation Bonds

Entry contributions are measured at the principal amount less retention amounts in accordance with each formal agreement with each care recipient. Accommodation bonds are measured at the principal amount less retention amounts permitted under the Aged Care Act (1997).

All residents funded loans are recognised as current liabilities in accordance with AASB101, however historical turnover statistics indicate that only a proportion of loans are likely to be required to be repaid within the next twelve months.

The rolling nature of resident funded loans is such that the repayment of a bond is offset by a new resident funded incoming loan.

	2014	2013
	$	$
Residents' Entry Contributions and Accommodation Bonds	18,574,821	11,513,252
Bonds repaid	1,590,014	2,001,887
Bonds received	7,621,340	4,523,636
Net bonds received	6,031,325	2,521,749

e. Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or to sell the asset (i.e. trade date accounting is adopted).

Financial instruments that are applicable to the Association are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently, measured at either fair value, at amortised cost using the effective interest method, or at cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to the expected future net cash flows will necessitate an adjustment to the carrying amount with a consequent recognition of an income or expense item in the profit or loss.

Fair value is determined based on current bid prices for all investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortised process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss through the amortisation process and when the liability is derecognised.

Impairment

At the end of each reporting period, the Association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or group of debtors are experiencing significant financial difficulty, default or delinquency or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that gave occurred are duly recognised.
At the reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether their is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and the value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.
Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in use-. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash generating unit.
Where it is not possible to estimate the recoverable amount of the individual asset, the association estimates the recoverable amount of the cash generating unit to which the asset belongs.

Derecognition
Financial assets are derecognised when the contractual right of cash expires or if the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Employee Benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in the current liabilities in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.
Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled with 12 months of the reporting date are recognised in current liabilities, provided there is unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to expected future age and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on the national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

h. 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, that are readily convertible to known amounts of cash and are which are subject to an insignificant risk of change of value.

i. Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.
Fees, Grants and Subsidies

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Donations
Donations and bequests are recognised as revenue when received.
Interest
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
All revenue is stated net of the amount of goods and services tax (GST).

j. Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivable and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of the cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

k. Trade and Other Receivables

Trade and other receivables include amounts due from customers for services provided in the ordinary course of business. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Receivables are recognised at amortised cost, less any provision for impairment.

l. Trade and Other Payables
Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid.
The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability and not discounted.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

m. Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or the production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

n. Interest Rate Hedge

The Association has sought to hedge the exposure to interest rate risks arising from borrowings and projected cash flows associated with the extension and refurbishment of buildings. The measurement to fair value of the future value of the hedge giving rise to gains or losses is recognised in the profit and loss.

o. Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts un the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believe reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumption that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities (refer the respective notes) within the next financial year are discussed below.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of the relevant observable inputs and minimising the use of unobservable inputs.

Estimate of fair value of property

The entity has a property at 239 Rosanna Road, Rosanna, with a carrying value of $40,504,000, representing the fair value at reporting date. The property represents a high proportion of the total assets of the entity.

Fair value has been determined by an independent external valuation of the property at 28 September on the basis in Note 7 Property Plant and Equipment. Management has assessed the value of the property at 30 June 2014, taking into account factors and market conditions evident at the reporting date. Changes in market conditions in the future may impact the fair value in the future.

Estimated useful lives of assets

The incorporated 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 useful lives are less than previously estimated lives, or obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The incorporated association assess impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the incorporated association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Valuation of bed licences

Due to the external factors such as industry uncertainty and limited market activity influencing the realistic value of Bed Licences, management have performed a detailed review of the valuation of Bed Licences at 30 June 2014, using Value- in-Use calculations, to determine if any impairment is required. Assisi Centre Inc. has performed this review by evaluating conditions specific to the entity that may lead to the impairment of the bed licences. The entity has calculated the recoverable amount of the intangible asset. In order to calculate the recoverable amount, the entity has performed a value-in-use calculation which incorporates a number of key estimates of discounted operating cash flows to 2017 and terminal capitalsistion.

The result of this review is that the bed licence value, at deemed cost of $4.8 million, is supported by the value-in-use calculations. No impairment has been recognised at 30 June 2014.

Employee benefits provision

As discussed in note 1g, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. Determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Interest rate swap

The Association established a hedge to fix the exposure to interest rate risks arising from borrowings and projected cash flows associated with the extension and refurbishment of buildings. The measurement to fair value of the future value of the hedge gives rise to gains or losses recognised in the profit and loss. This recognition gives rise to a current liability which is realised as the future interest costs are included in the cost of the building as incurred, at which time the charge to the profit and loss is reversed.

Fair value interest rate swap

The value of the fixed interst rate hedge at 30 June 2014 uses market interest rates as at that date to measure the fair value of the of the future interest on the balance of the loan.

ASSISI CENTRE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
2. Revenue			
Government Grants & Subsidies		6,250,531	5,939,691
Resident Fees		1,938,712	1,856,122
Accommodation Bond Periodic Payments		374,765	368,999
Retention Fees Received - Accommodation Bonds		184,068	198,591
Resident Accommodation Charges		176,874	106,697
Accommodation Bond Interest		89,420	87,249
Interest Received / Receivable		130,160	113,292
Net Rental Income		116,508	111,699
Chapel Ceremonies		4,759	3,578
Member Subscriptions		645	1,025
Central Committee Fundraising		58,120	43,985
Sundry Donations	3	2,041,599	92,114
Workcover Recoveries		906	12,948
Other Recoveries		31,989	25,020
		11,399,056	8,961,010

3. Donation Revenue

	2014 $	2013 $
Included in donation revenue is a single donation made by a benefactor.	2,000,000	-

4. Fair value movement of interest rate swap

	2014 $	2013 $
The Association established a hedge to fix the exposure to interest rate risks arising from borrowings and projected cash flows associated with the extension and refurbishment of buildings. The measurement to fair value of the future value of the hedge gives rise to gains or losses recognised in the profit and loss. This recognition gives rise to a current liability which is realised as the future interest costs are included in the cost of the building as incurred, at which time the charge to the profit and loss is reversed.	(122,741)	26,656

5. Cash and Cash Equivalents

	2014 $	2013 $
Cash at Bank - ANZ Cheque Account	12,274	141,369
Cash at Bank - NAB Cheque Account	1,064,891	669,344
Cash at Bank - Ladies Committee	93,915	60,837
Cash at Bank -Bendigo Bank CMA	-	2,874
Cash at Bank - NAB Term Deposit	3,546,074	2,028,102
Cash at Bank - A.N.Z. Resident Account	41,759	36,725
Cash on Hand	2,050	2,050
	4,760,963	2,941,301

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

	2014 $	2013 $
Cash and cash equivalents	4,760,963	2,941,301

	2014	2013
	$	$

6. Trade and Other receivables

	2014	2013
Receivables	25,867	131,633
Impairment of Receivables	(10,000)	(51,031)
Bonds Receivable	2,191,900	885,199
GST Recoverable	57,445	140,134
Interest Receivable	17,595	1,362
Prepayments	27,173	53,043
	2,309,980	**1,160,340**

7. Property, Plant & Equipment

	2014	2013
Land (at Fair Value)		
At Valuation 28 July 2009	-	10,400,000
At Valuation 30 June 2014	18,500,000	-
Buildings (at Fair Value)		
At Valuation 28 July 2009	-	8,050,000
At Valuation 30 June 2014	22,004,000	-
Accumulated Depreciation	-	(1,289,535)
Total	22,004,000	6,760,465
Property Improvements (at Cost)	-	61,838
Accumulated Depreciation	-	(5,120)
Total	-	56,718
Total Property	40,504,000	17,217,183

Valuation Methodology
A formal independent valuation was undertaken by Colliers International on 28 September 2014. The value of $40,504,000 has been determined on the basis of going concern fair value on the operation of Assisi Centre Inc. fully funded and incorparating accommodation bond profile.
The next property valuation will be obtained as at 30 June 2017.

Charges over Property

The following charges exist over the property at 230 Rosanna Road, Rosanna (Vol 09448 Folio 021):

* A charge under the Retirement Villages Act 1986
* Security for the following National Australia Bank facilities:

	2014	2013
	$	$
Construction	14,300,000	14,300,000
Trade up	2,500,000	2,500,000
Bond Liquidity	2,000,000	2,000,000
Asset Finance	500,000	500,000
Other Transaction Facilities	1,000,000	1,000,000
	20,300,000	**20,300,000**

7. Property, Plant & Equipment (Continued)

	2014	2013
	$	$
Plant & Equipment - at Cost	2,150,384	851,519
Accumulated Depreciation	(505,678)	(523,339)
	1,644,705	328,180
Furniture & Fittings - at Cost	1,612,802	1,146,249
Accumulated Depreciation	(330,425)	(588,899)
	1,282,377	557,350
Office Equipment - at Cost	355,621	401,105
Accumulated Depreciation	(195,327)	(192,369)
	160,294	208,736
Chapel Assets - at Cost	28,512	28,512
Accumulated Depreciation	(13,013)	(11,813)
	15,499	16,699
Motor Vehicles - at Cost	165,356	165,356
Accumulated Depreciation	(94,226)	(82,527)
	71,130	82,829
Palliative Care Assets	33,220	33,220
Accumulated Depreciation	(27,567)	(25,970)
	5,653	7,250
Building Extension & Refurbishment - at Cost	-	15,471,552
Accumulated Depreciation	-	-
	-	15,471,552
Total Property, Plant & Equipment	**43,683,658**	**33,889,779**

7. Property, Plant & Equipment (continued.)

Movements in carrying amounts

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

	Balance at 1 July 2013	Additions	Disposals /Transfers	Depreciation	Revaluation	Carrying Amount at 30 June 2014
Land at Fair Value	10,400,000				8,100,000	18,500,000
Buildings at Fair Value	6,760,465		19,946,873	(320,465)	(4,382,873)	22,004,000
Property Improvements	56,718			(3,067)	(53,651)	-
Plant and Equipment	328,180	1,415,811	(4,271)	(95,015)		1,644,705
Furniture and Fittings	557,350	867,346	(11,298)	(131,020)		1,282,377
Office Equipment	208,736	3,223	(1,261)	(50,404)		160,294
Chapel Assets	16,699			(1,200)		15,499
Motor Vehicles	82,829			(11,699)		71,130
Pallative Care	7,250			(1,597)		5,653
Building Extension & Refurbishment	15,471,552	4,475,321	(19,946,873)			(0.0)
Total	**33,889,779**	**6,761,701**	**(16,830)**	**(614,467)**	**3,663,476**	**43,683,658**

	2014	2013
	$	$

8. Intangibles

	2014 $	2013 $
Software and Web Design	72,067	75,259
Accumulated Amortisation	(56,330)	(58,371)
	15,737	16,888
Approved Provider Bed Licences (at Deemed Cost)	4,800,000	4,800,000

Assisi Centre has 150 bed licences. The bed licences have been assessed by management for impairment at 30 June 2014. No impairment has been recognised as the value is supported by management's value-in-use calculations. Refer to Note 1p for detail regarding the critical estimates and judgements.

Total Intangible Assets	4,815,737	4,816,888

	Software & Web Design $	**Approved provider Bed Licences** $	**Total** $
2013			
Balance at 1 July 2012	23,684	4,800,000	4,823,684
Additions	8,912	-	8,912
Disposals	-	-	-
Amortisation charge	(15,708)	-	(15,708)
Balance at 1 July 2013	16,888	4,800,000	4,816,888
2014			
Balance at 1 July 2013	16,888	4,800,000	4,816,888
Additions	8,645	-	8,645
Disposals	-	-	-
Amortisation charge	(9,796)	-	(9,796)
Impairment loss	-	-	-
Balance at 1 July 2014	15,737	4,800,000	4,815,737

	2014	2013
	$	$

9. Trade and Other payables

	2014	2013
Trade Payables	643,193	675,896
Other Payables and Accrued Charges	387,338	39,186
Prepaid Income	44,583	23,550
Loan - Resident Trust Monies	41,781	36,725
Accrued Expenses - Wages	208,043	167,331
Accrued Expenses - PAYG Withholding Tax	45,654	80,614
Accrued Expenses - Superannuation	-	32,218
	1,370,592	**1,055,520**

10. Employee Benefits

CURRENT

	2014	2013
Provision for Annual Leave	682,288	599,443
Provision for Long Service Leave	401,995	345,726
	1,084,283	**945,169**

In accordance with *AASB 119 Employee Benefits*,
Employee benefits expected to be settled within 12 months after the end of the reporting period are short-term benefits, and have not been discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period has been discounted when calculating leave liability.

NON CURRENT

	2014	2013
Provision for Long Service Leave	**192,797**	**154,937**

11. Financial Liabilities

Current

	2014	2013
Hire purchase lease liability	13,593	12,515
Residents' Entry Contributions and Accommodation Bonds	18,574,821	11,513,252
Secured Loans - National Australia Bank	3,500,000	-
Total short term liabilities	**22,088,414**	**11,525,767**

Assisi Centre Incorporated has a Stand-By Facility of $5,000,000 with the National Australia Bank to provide sufficient liquidity to cover any large repayments of accommodation bonds to residents.

	2014	2013
Fair value of interest rate swap	**18,204**	**140,945**

Non current

	2014	2013
Hire purchase lease liability	50,330	63,923
Secured Loans - National Australia Bank	-	4,300,000
	50,330	**4,363,923**
Total financial liabilities	**22,156,948**	**16,030,635**

Assisi Centre Incorporated at 30 June 2014 had a Construction Loan Facility of $10,000,000 (2013: $14,300,000) and a Trade-up Facility of $2,500,000 (2013: $2,500,000) in place to November 2014 to support cash flow requirements associated with the construction of extension and refurbishment to buildings. In addition an asset finance facility is in place to provide for asset leasing. As at the date of the signing of these Financial Statements the Construction Loan Facility was no longer required and had been cancelled and the Trade-up facility ending 14 November 2014 is also no longer required and will not be extended.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

12. Remuneration of Auditor

	2014	2013
	$	$
Remuneration of the auditor of the association for:		
- Auditing services	26,630	22,865

13. Contingent Liabilities

The Association had no contingent liabilities as at 30 June 2014 and 30 June 2013.

14. Reserves

The asset revaluation reserve records revaluation of non current assets.

15. Cash Flow Information

	2014	2013
	$	$
Reconciliation of Cash Flow from Operations with Surplus		
Operating Surplus	2,480,196	196,060
Non Cash Flows in surplus		
Depreciation and Amortisation	624,263	504,407
Property Plant & Equipment retired	16,830	1,232
Bond Retentions, interest and fees Deducted	(276,458)	(242,735)
Changes in Assets & Liabilities		
Decrease (Increase) in Receivables	64,734	(15,959)
(Increase) Decrease in Interest Receivable	(16,233)	59,709
Decrease in GST Recoverable	82,689	18,856
Decrease (Increase) in Prepayments	25,870	(48,744)
Increase (Decrease) in Trade Payables	52,739	(49,926)
Increase in Prepaid Income	21,033	1,122
Increase in Provision for Employee Entitlements	176,974	45,711
(Decrease) Increase Fair value of interest rate swap	(122,741)	26,656
Increase in Accrued Expenses	108,395	56,261
Cash Flows from operations	**3,238,292**	**552,650**

16. Related Parties

During the year ended 30th June, 2014, or in the previous financial year, there were no transactions with, amounts receivable from or payable to related parties, loans to or from related parties.

Key Management Personnel Compensation

The Key Management Personnel comprises the Executive Manager (engaged under a service contract with Advantage Management Services Pty Ltd), the Director of Care and the Chief Financial Officer. Total remuneration and benefits included in Employee Benefits in the Statement of Comprehensive Income paid to Key Management Personnel during the year totalled $491,084 (2013: $486,264).

17. Capital and Hire Purchase Commitments

	Note	2014	2013
		$	$
Hire Purchase Commitments			
Payable - minimum hire purchase lease payments:			
- not later than 12 months		18,258	18,258
- between 12 months and 5 years		54,502	72,760
Minimum hire purchase lease payments		72,760	91,018
Less future finance charges		(59,167)	(14,579)
Present value of minimum hire purchase lease payments	11	13,593	76,439

Assisi centre Inc. has entered into contracts for the construction and refurbishment of aged care accommodation buildings and upgrade of associated ancillary facilities and equipment.
Commitments at 30 June 2014 were $213,291 (2013: $5,076,989).

19. Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, and leases.

The carrying amounts 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:

	Note	2014	2013
		$	$
Financial assets			
Cash and cash equivalents	5	4,760,963	2,941,301
Loans and receivables	6	2,309,980	1,160,340
Total financial assets		7,070,943	4,101,641
Financial liabilities			
Financial liabilities at amortised cost			
- trade and other payables	9	1,370,592	1,055,520
- borrowings	11	22,156,948	16,030,635
Total financial liabilities		23,527,540	17,086,155

20. Events after the Balance Date

No matter or circumstance has arisen since the 30 June 2014 that has significantly affected, or may significantly affect the incorporated association's operations, or the incorporated association's state of affairs in future financial years excepting the following events:

A donation from a single benefactor of the amount of $3,000,000 was received in July 2014;

Repayment of the loan from the National Australia Bank of the amount of $3,500,000 in September 2014 and cancellation of the Construction Facility;

Renegotiation of facilities with the National Australia Bank increasing the Bond Liquidity Facility from $2,000,000 to $5,000,000 and extending the term until November 2015.

Summary of Facilities at reporting date	30 June 2014 $	As at the date of this report $
Construction	14,300,000	-
Trade up (Terminating November 2014)	2,500,000	2,500,000
Bond Liquidity	2,000,000	5,000,000
Asset Finance	500,000	500,000
Other Transaction Facilities	1,000,000	1,000,000
	20,300,000	**9,000,000**

21. Association Details

The registered office of the association is:
Assisi Centre Incorporated
230 Rosanna Road
ROSANNA VIC 3084

The principal place of business is:
Assisi Centre Incorporated
230 Rosanna Road
ROSANNA VIC 3084

22. Segment Reporting

The association as an approved provider operates in one business and geographical segment being the provision of residential aged care facilities in Rosanna, Victoria and this General Purpose Financial Report therefore relates only to such operations.

ASSISI CENTRE INCORPORATED

ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION OF INCORPORATED ASSOCIATION

We, Ferdinand Zito and Nadia Gianello, being members of the Committee of Assisi Centre Incorporated, certify that:

Assisi Centre have reviewed the bed licence values – with $32,000 deemed cost allocated per bed. A full assessment of the recoverable value of the bed licences has been performed using value-in-use calculations. No impairment is required for these bed licences at 30 June 2014.

The statements attached to this certificate give a true and fair view of the financial position of Assisi Centre Incorporated during and at the end of the financial year of the association ending on the 30 June 2014.

Signed:

Ferdinand Zito
Vice President

Nadia Gianello
Vice President

Dated this 27th day of October 2014

Crowe Horwath.

Independent Auditor's Report to the Members of Assisi Centre Inc.

Report on the Financial Report

We have audited the accompanying financial report of Assisi Centre Inc. (the Association), which comprises the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position of the Association.

Committee's Responsibility for the Financial Report

The Committee of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *Reduced Disclosure Requirements* and the Associations Incorporation Reform Act 2012 and for such internal control as the Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Professional Accounting Bodies.

Opinion

In our opinion, the financial report of Assisi Centre Inc. is in accordance with the *Associations Incorporation Reform Act 2012*, including:

(i) giving a true and fair view of the Association's financial position as at 30 June 2014, and of its performance for the year then ended on that date; and
(ii) complying with Australian Accounting Standards – *Reduced Disclosure Requirements*.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

G. [signature]

Gordon Robertson
Partner

Dated this 29th day of October 2014