ASSISI CENTRE

ASSISI CENTRE INCORPORATED

ABN 33 929 275 686

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

ASSISI CENTRE INCORPORATED

CONTENTS

ASSISI CENTRE INCORPORATED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$	$
Revenue	**2**	14,536,582	11,399,056
Expenses			
Employee Benefits and Management Fees		7,568,708	6,470,093
Depreciation and Amortisation		1,407,303	624,263
Catering Provisions and Expenses		521,658	405,578
Facility Cleaning and Maintenance		444,434	284,116
Resident Care and Support Programs Expenses		482,712	414,443
Other Costs of Accommodation		382,892	406,933
Communication and Administration Expenses		702,041	372,648
Other Expenses		135,390	63,527
Total Operating Expenses		11,645,138	9,041,601
Operating Surplus before fair value movements on interest rate swap		2,891,444	2,357,455
Fair value movement of interest rate swap	**4**	18,204	122,741
Operating Surplus for the Year		2,909,648	2,480,196
Other Comprehensive Income for the Year			
Items that will not be classified subsequently to profit or loss :			
Gain on Revaluation of Land and Buidlings		-	3,663,476
Total Comprehensive Income for the Year		2,909,648	6,143,673
Total comprehensive income attributable to members of the entity		2,909,648	6,143,673

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	14,664,484	4,760,963
Trade and Other Receivables	6	6,196,831	2,282,807
Prepayments		150,122	27,173
TOTAL CURRENT ASSETS		21,011,437	7,070,943
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	42,642,575	43,683,658
Intangible Assets	8	4,800,000	4,815,737
TOTAL NON-CURRENT ASSETS		47,442,575	48,499,396
TOTAL ASSETS		**68,454,012**	**55,570,339**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	718,657	1,370,592
Employee Benefits	10	1,178,861	1,084,283
Short Term Financial Liabilities	11	32,678,446	22,088,414
Fair Value of Interest Rate Swap	4, 11	-	18,204
TOTAL CURRENT LIABILITIES		34,575,964	24,561,493
NON-CURRENT LIABILITIES			
Employee Benefits	10	167,114	192,797
Long Term Financial Liabilities	11	35,566	50,330
TOTAL NON CURRENT LIABILITIES		202,680	243,127
TOTAL LIABILITIES		**34,778,644**	**24,804,620**
NET ASSETS		**33,675,368**	**30,765,719**
EQUITY			
Retained Surplus		9,056,108	6,146,460
Asset Revaluation Reserve		24,619,259	24,619,259
TOTAL EQUITY		**33,675,368**	**30,765,720**

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Retained Surplus	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2013	3,666,264	20,955,783	24,622,047
Operating Surplus for the Year	2,480,196	-	2,480,196
Other Comprehensive Income for the Year	-	3,663,476	3,663,476
Total Comprehensive Income for the Year	2,480,196	3,663,476	6,143,673
Balance at 30 June 2014	**6,146,460**	**24,619,259**	**30,765,720**
Surplus attributable to members	2,909,648	-	2,909,648
Other Comprehensive Income for the Year	-	-	-
Total Comprehensive Income for the Year	2,909,648	-	2,909,648
Balance at 30 June 2015	**9,056,108**	**24,619,259**	**33,675,368**

The accompanying notes which form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Operating Activities		10,075,680	8,872,155
Payments to Suppliers & Employees		(10,227,221)	(8,058,197)
Chapel Ceremonies		2,981	4,759
Committee Fundraising		64,423	58,120
Donations Received		3,162,695	2,041,599
Interest Received		539,101	203,347
Rental Income		102,836	116,508
Net Cash Provided by Operating Activities	**15**	**3,720,495**	**3,238,292**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(904,269)	(6,633,853)
Purchase of Intangible Assets		(3,976)	(8,645)
Net cash used in investing activities		**(908,245)**	**(6,642,498)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in Trust Funds held on behalf of residents		(31,967)	5,058
Lease Finance Principal Payments		(13,593)	(12,516)
Repayment of Bank Loan		(3,500,000)	(800,000)
Net Accommodation Bonds Received		10,636,832	6,031,325
Net cash provided by financing activities		**7,091,272**	**5,223,867**
Net Increase / (Decrease) in Cash and Cash Equivalents		**9,903,522**	**1,819,662**
Cash and Cash Equivalents at beginning of financial year		**4,760,963**	**2,941,301**
Cash and Cash Equivalents at end of financial year	**5**	**14,664,484**	**4,760,963**

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 26 October 2015.

Basis of Preparation

Assisi Centre Incorporated applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards* - Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Reform Act 2012* and the requirements of the Australian Charities and Not-for profits Commission Act 2012. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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.

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.

Going concern

As at 30 June 2015 the Association is in a deficit working capital position of $13,564,527, (2014: $17,490,549). The financial statements have been prepared on a going concern basis because current liabilities includes resident funded loans of $32,663,682 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.

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 Div 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, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

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

In a period when the freehold land and buildings are not subject to an independent valuation, the Committee conduct committee members' valuations to ensure carrying amount for the land and buildings is not 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 revaluation surplus.
All other decreases are charged to the statement of profit or loss and other comprehensive income.
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 cost basis less accumulated depreciation and impairment losses.
In the event the carrying amount is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in the profit and loss.
A formal assessment of recoverable amount is made when impairment indicators are present (refer to note 1(e)) for details of impairment,
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 property plant and equipment 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	15 - 50%	Diminishing value
Office Equipment	35 - 40%	Diminishing value
Plant and Equipment	15% - 30%	Diminishing value
Motor Vehicles	18.75% - 22.50%	Diminishing value
Building at valuation	4%	Straight line

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

Bed Licences

Approved Provider Aged Care Places (Bed Licences)
Bed licences are issued by the Federal Government to approved providers of aged care. Holders of bed licences receive Federal Government funding in accordance with predetermined rates. These licences also can be purchased from and sold to third parties. As an approved provider of aged care places, the Association has recorded bed licences at fair value at the date transition to Australian equivalent of International Financial Reporting Standards. This value has been taken as a deemed cost. While the Association remains as a provider of aged care services, the bed licences continue to be assessed to have an indefinite life to which no provision for amortisation is required. Bed licences are tested for impairment annually. Impairment is determined by assessment the recoverable amount of the asset.

Software

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 aged 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.

	2015	2014
	$	$
Residents' Entry Contributions and Accommodation Bonds	32,663,682	18,574,821
Bonds repaid	4,417,045	1,590,014
Bonds received	15,053,877	7,621,340
Net bonds received	10,636,832	6,031,325

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 fair value (refer to note 1 (o)), at amortised cost using the effective interest method, or at cost.

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.

(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 Financial 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 have occurred are duly recognised.

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.

f. Impairment of assets

At the reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there 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.

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 within 12 months of the reporting date are recognised in current liabilities, provided there is unconditional right to defer settlement of the liability. The Association’s obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. 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. Bank overdrafts are shown within short-term borrowings in the Statement of Financial Position.

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 and Subsidies

Non-reciprocal subsidy revenue is recognised in profit or loss when the entity obtains control of the subsidy and it is probable that the economic benefits gained from the subsidy will flow to the entity and the amount of the subsidy can be measured reliably.

If conditions are attached to the revenue which must be satisfied before it is eligible to receive the contribution, the recogniton of the revenue will be deferred until those conditions have been met.

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

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

Receivables 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 directors to make judgements, estimates and assumptions that affect the reported amounts in 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 assumptions 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.

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 2015, 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 capitalisation.

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 2015.

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.

q. Fair Value of Assets and Liabilities

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

At 30 June 2015, the committee members have performed a committee members’ valuation on the freehold land and buildings. The committee members have reviewed the key assumptions adopted by the valuers in 2014 and do not believe there has been a significant change in the assumptions at 30 June 2015. The Committee therefore believe the carrying amount of the land and buildings correctly reflects the fair value less cost of disposal at 30 June 2015. Refer to Note 7 for disclosures regarding the fair value measurement of the Association’s freehold land and buildings.

r. New Accounting Standards for Application in Future Periods

The Committee anticipate that the adoption of AASB 9 and AASB 15 may have an impact on the Association's financial report, it is impracticable at this stage to provide a reasonable estimate of such impact.

	Note	2015	2014
		$	$

2. Revenue

	Note	2015 $	2014 $
Government Subsidies		7,234,371	6,250,531
Resident Fees		2,466,421	1,938,712
Accommodation Bond Periodic Payments		507,792	374,765
Retention Fees Received - Accommodation Bonds		183,419	184,068
Resident Accommodation Charges		154,652	176,874
Accommodation Bond Interest		302,923	89,420
Interest Received / Receivable		315,673	130,160
Net Rental Income		102,836	116,508
Chapel Ceremonies		2,981	4,759
Member Subscriptions		10	645
Central Committee Fundraising		64,423	58,120
Sundry Donations	**3**	3,162,695	2,041,599
Workcover Recoveries		-	906
Other Recoveries		38,386	31,989
		14,536,582	**11,399,056**

3. Donation Revenue

	2015 $	2014 $
Included in donation revenue is a single donation made by a benefactor.	**3,000,000**	**2,000,000**

4. Fair value movement of interest rate swap

	2015 $	2014 $
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. The hedge ended in August 2014.	**(18,204)**	**(122,741)**

5. Cash and Cash Equivalents

	2015 $	2014 $
Cash at Bank	14,662,434	4,758,913
Cash on Hand	2,050	2,050
	14,664,484	**4,760,963**

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:

	2015 $	2014 $
Cash and cash equivalents	**14,664,484**	**4,760,963**

	2015	2014
	$	$

6. Trade and Other Receivables

Current		
Receivables	116,864	25,867
Provision for Impairment of Receivables	(22,000)	(10,000)
Bonds Receivable	5,975,993	2,191,900
GST Recoverable	28,884	57,445
Interest Receivable	97,090	17,595
	6,196,831	**2,282,807**

7. Property, Plant & Equipment

	2015	2014
Land (at Fair Value)		
At Independent Valuation 30 June 2014	18,500,000	18,500,000
Buildings (at Fair Value)		
At Independent Valuation 30 June 2014	22,004,000	22,004,000
Accumulated Depreciation	(880,160)	-
Total	21,123,840	22,004,000
Total Property	39,623,840	40,504,000

Revaluations

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 incorporating accommodation bond profile.

Charges over Property

The following charges exist over the property at 230 Rosanna Road, Rosanna:

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

	2015	2014
	$	$
Construction	-	14,300,000
Trade up	-	2,500,000
Bond Liquidity	5,000,000	2,000,000
Asset Finance	500,000	500,000
Other Transaction Facilities	1,000,000	1,000,000
	6,500,000	**20,300,000**

7. Property, Plant & Equipment (Continued)

	2015	2014
	$	$
Plant & Equipment - at Cost	2,336,515	2,150,384
Accumulated Depreciation	(707,426)	(505,679)
	1,629,089	1,644,705
Furniture & Fittings - at Cost	1,672,121	1,612,802
Accumulated Depreciation	(578,739)	(330,425)
	1,093,382	1,282,377
Office Equipment - at Cost	368,690	355,621
Accumulated Depreciation	(239,271)	(195,327)
	129,419	160,294
Chapel Assets - at Cost	30,981	28,512
Accumulated Depreciation	(14,149)	(13,013)
	16,832	15,499
Motor Vehicles - at Cost	165,356	165,356
Accumulated Depreciation	(105,253)	(94,226)
	60,103	71,130
Palliative Care Assets	33,220	33,220
Accumulated Depreciation	(28,830)	(27,567)
	4,390	5,653
Building Refurbishment (under construction) - at Cost	85,520	-
Total Property, Plant & Equipment	**42,642,575**	**43,683,658**

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 2014	Additions	Disposals /Transfers	Depreciation	Carrying Amount at 30 June 2015
Land at Fair Value	18,500,000				18,500,000
Buildings at Fair Value	22,004,000			(880,160)	21,123,840
Plant and Equipment	1,644,705	186,132		(201,748)	1,629,089
Furniture and Fittings	1,282,377	59,319		(248,314)	1,093,382
Office Equipment	160,294	13,068		(43,943)	129,419
Chapel Assets	15,499	2,468		(1,135)	16,832
Motor Vehicles	71,130			(11,027)	60,103
Palliative Care	5,653			(1,263)	4,390
Building Extension & Refurbishment	-	85,520			85,520
Total	**43,683,658**	**346,507**	**-**	**(1,387,590)**	**42,642,575**

8. Intangibles

	2015 $	2014 $
Software and Web Design	-	72,067
Accumulated Amortisation	-	(56,330)
	-	15,737
Approved Provider Bed Licences (at Deemed Cost)	4,800,000	4,800,000
Total Intangible Assets	4,800,000	4,815,737

	Software & Web Design $	Approved provider Bed Licences $	Total $
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)
Balance at 1 July 2014	15,737	4,800,000	4,815,737
2015			
Balance at 1 July 2014	15,737	4,800,000	4,815,737
Additions	3,976	-	3,976
Disposals	-	-	-
Amortisation charge	(19,713)	-	(19,713)
Impairment loss	-	-	-
Balance at 1 July 2015	-	4,800,000	4,800,000

9. Trade and Other Payables

	2015 $	2014 $
Current		
Trade Payables	327,534	643,193
Other Payables and Accrued Charges	134,867	387,338
Prepaid Income	29,335	44,583
Loan - Resident Trust Monies	9,814	41,781
Accrued Expenses - Payroll Costs	217,107	253,697
	718,657	**1,370,592**

	2015	2014
	$	$

10. Employee Benefits

	2015 $	2014 $
Current		
Provision for Annual Leave	724,949	682,288
Provision for Long Service Leave	453,912	401,995
	1,178,861	**1,084,283**
Non Current		
Provision for Long Service Leave	**167,114**	**192,797**
Analysis of Employee Provisions		
Opening balance	1,277,080	1,100,106
Additional provisions	537,404	482,815
Amounts used	(468,509)	(305,841)
Closing balance	1,345,975	1,277,080

11. Financial Liabilities

	2015 $	2014 $
Current		
Hire purchase lease liability	14,764	13,593
Residents' Entry Contributions and Accommodation Bonds	32,663,682	18,574,821
Secured Loans - National Australia Bank	-	3,500,000
Total short term liabilities	**32,678,446**	**22,088,414**

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.

	2015 $	2014 $
Fair value of interest rate swap	**-**	**18,204**
Non current		
Hire purchase lease liability	**35,566**	**50,330**
Total financial liabilities	**32,714,012**	**22,156,948**

Assisi Centre Incorporated at 30 June 2015 had a Construction Loan Facility of nil (2014: $10,000,000) and a Trade-up Facility of nil (2014: $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.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

12. Remuneration of Auditor

	2015	2014
	$	$
Remuneration of the auditor of the association for:		
- Auditing services	26,327	26,630

13. Contingent Liabilities

The Association had no contingent assets or contingent liabilities as at 30 June 2015 and 30 June 2014.

14. Reserves

The asset revaluation reserve records revaluation of land and buildings.

15. Cash Flow Information

	2015	2014
	$	$
Reconciliation of Cash Flow from Operations with Surplus		
Operating Surplus	2,932,742	2,480,196
Non Cash Flows in surplus		
Depreciation and Amortisation	1,396,209	624,263
Property Plant & Equipment retired	-	16,830
Bond Retentions, interest and fees Deducted	(332,063)	(276,458)
Changes in Assets & Liabilities		
Decrease (Increase) in Receivables	(82,920)	64,734
(Increase) Decrease in Interest Receivable	(79,495)	(16,233)
Decrease in GST Recoverable	28,561	82,689
Decrease (Increase) in Prepayments	(122,949)	25,870
Increase (Decrease) in Trade Payables	28,813	52,739
Increase in Prepaid Income	(15,248)	21,033
Increase in Provision for Employee Entitlements	68,895	176,974
(Decrease) Increase Fair value of interest rate swap	(18,204)	(122,741)
Increase in Accrued Expenses	(83,846)	108,395
Cash Flows from operations	**3,720,495**	**3,238,292**

16. Related Parties

During the year ended 30 June 2015 and in the previous financial year, two members of the Committee of Management have been directors in an entity which pays rental income to Assisi Centre Inc. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons.

Key Management Personnel Compensation

The Key Management Personnel comprises the Chief Executive Officer from January 2015, Executive Manager (retired December 2014), (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 $546,771 (2014: $491,084).

17. Capital and Hire Purchase Commitments

	Note	2015	2014
		$	$
Hire Purchase Commitments			
Payable - minimum hire purchase lease payments:			
- not later than 12 months		18,258	18,258
- between 12 months and 5 years		36,244	54,502
Minimum hire purchase lease payments		54,502	72,760
Less future finance charges		(39,738)	(59,167)
Present value of minimum hire purchase lease payments	11	14,764	13,593

Assisi Centre Inc. has entered into contracts in prior years for the refurbishment of the interiors of units of aged care accommodation and upgrade of associated ancillary facilities and equipment that were completed during the year.
Commitments at 30 June 2015 were nil (2014: $213,291).

18. 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	2015	2014
		$	$
Financial assets			
Loans and receivables			
- cash and cash equivalents	5	14,664,484	4,760,963
- loans and receivables	6	6,196,831	2,309,980
Total financial assets		20,861,315	7,070,943
Financial liabilities			
Financial liabilities at amortised cost			
- trade and other payables	9	718,657	1,370,592
- borrowings	11	32,714,012	22,156,948
Total financial liabilities		33,432,669	23,527,540

19. Events subsequent to Balance Date

Subsequent to financial year end, contracts have been entered into for building works for the renovation and refurbishment of a unit of the residential aged care facility amounting to $1,171,326. No other significant events or transactions have occurred after balance date affecting the Associations operations and financial statements.

20. 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.

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

<u>ASSISI CENTRE INCORPORATED</u>

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

We, Donato Smarrelli and Rick Rostolis being members of the Committee of Assisi Centre Incorporated, certify that:

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 2015.

Signed:

Donato Smarrelli	Rick Rostolis
President	Treasurer

Dated this 26th day of October 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASSISI CENTRE INCORPORATED

Report on the Financial Report

We have audited the accompanying financial report of Assisi Centre Incorporated which comprises the statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the certification by the members of the Committee.

Committee's Responsibility for the Financial Report

The Committee of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Associations Incorporation Reform Act 2012 (Vic) and the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012. The Committee's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation 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 and fair presentation of the financial report 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 applicable independence requirements of the Australian Professional Ethical Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion the financial report of Assisi Centre Incorporated is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporated Reform Act 2012 (Vic),* including:

i) giving a true and fair view of the Association's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the Australian Charities and Not-for-profits Regulation 2013.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 26 October 2015

ShineWing Australia
Accountants and Advisors
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Melbourne VIC 3000
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F +61 3 8102 3400
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Auditor's Independence Declaration to the Committee Members of Assisi Centre Incorporated

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015, there have been no contraventions of:

i) the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

ShineWing Australia

SHINEWING AUSTRALIA
Chartered Accountants

Hayley Underwood
Partner

26 October 2015