



ASSISI CENTRE INCORPORATED

ABN 33 929 275 686

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

ASSISI CENTRE INCORPORATED

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ASSISI CENTRE INCORPORATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Revenue	2	<u>14,026,606</u>	<u>12,483,420</u>
Expenses			
Employee Benefits and Management Fees		9,081,472	8,431,925
Depreciation and Amortisation		1,361,356	1,324,181
Catering Provisions and Expenses		558,202	560,317
Facility Cleaning and Maintenance		684,579	606,406
Resident Care and Support Programs Expenses		627,777	620,069
Other Costs of Accommodation		435,009	423,742
Communication and Administration Expenses		581,944	727,914
Other Expenses		62,141	47,757
Total Operating Expenses		<u>13,392,480</u>	<u>12,742,311</u>
Operating Surplus/(Deficit) for the Year		<u>634,126</u>	<u>(258,891)</u>
Other Comprehensive Income for the Year			
Revaluation of Property		<u>19,168,519</u>	<u>-</u>
Total Comprehensive Income/(Loss) for the Year		<u>19,802,645</u>	<u>(258,891)</u>
Total comprehensive income/(loss) attributable to members of the entity		<u>19,802,645</u>	<u>(258,891)</u>

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	3	26,236,628	19,978,975
Trade and Other Receivables	4	8,246,087	6,366,603
Prepayments		133,657	209,165
TOTAL CURRENT ASSETS		<u>34,616,372</u>	<u>26,554,743</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	60,860,403	42,716,152
Intangible Assets	6	4,800,000	4,800,000
TOTAL NON-CURRENT ASSETS		<u>65,660,403</u>	<u>47,516,152</u>
TOTAL ASSETS		<u>100,276,775</u>	<u>74,070,895</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	683,566	562,290
Employee Benefits	8	1,381,624	1,286,276
Short Term Financial Liabilities	9	44,829,214	38,663,186
TOTAL CURRENT LIABILITIES		<u>46,894,404</u>	<u>40,511,752</u>
NON-CURRENT LIABILITIES			
Employee Benefits	8	163,250	142,667
TOTAL NON CURRENT LIABILITIES		<u>163,250</u>	<u>142,667</u>
TOTAL LIABILITIES		<u>47,057,654</u>	<u>40,654,419</u>
NET ASSETS		<u>53,219,121</u>	<u>33,416,476</u>
EQUITY			
Retained Surplus		9,431,343	8,797,217
Asset Revaluation Reserve		43,787,778	24,619,259
TOTAL EQUITY		<u>53,219,121</u>	<u>33,416,476</u>

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Retained Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2015	9,056,108	24,619,259	33,675,367
Deficit attributable to members	(258,891)	-	(258,891)
Other Comprehensive Income for the Year	-	-	-
Total Comprehensive Income for the Year	(258,891)	-	(258,891)
Balance at 30 June 2016	8,797,217	24,619,259	33,416,476
Surplus attributable to members	634,126	-	634,126
Revaluation	-	19,168,519	19,168,519
Total Comprehensive (Loss)/Income for the Year	634,126	19,168,519	19,802,645
Balance at 30 June 2017	9,431,343	43,787,778	53,219,121

The accompanying notes which form part of these financial statements.

ASSISI CENTRE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Operating Activities		12,957,391	13,155,369
Payments to Suppliers & Employees		(11,793,438)	(13,548,489)
Chapel Ceremonies		4,959	4,880
Committee Fundraising		67,965	55,843
Donations & Grants Received		38,020	119,691
Interest Received		662,905	713,754
Rental Income		100,949	96,460
Net Cash Provided by Operating Activities	13	2,038,751	597,508
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(345,726)	(1,399,359)
Purchase of Intangible Assets		-	0
Proceeds from disposal of Property Plant & Equipment		3,532	1,600
Net cash used in investing activities		(342,194)	(1,397,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in Trust Funds held on behalf of residents		(480)	3,797
Lease Finance Principal Payments		(36,000)	(14,330)
Bonds repaid		(7,575,956)	(5,690,092)
Bonds received		12,173,532	11,815,366
Net cash provided by financing activities		4,561,096	6,114,741
Net Increase in Cash and Cash Equivalents		6,257,653	5,314,490
Cash and Cash Equivalents at beginning of financial year		19,978,975	14,664,485
Cash and Cash Equivalents at end of financial year	3	26,236,628	19,978,975

The accompanying notes form part of these financial statements.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 25th September 2017.

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*.

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 significant 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 2017 the Association is in a deficit current net working capital position of \$12,278,032 (2016: \$13,957,009). Included in current liabilities are resident funded loans of \$44,829,214 (2016: \$38,627,186) in the form of resident entry contributions and accommodation bonds.

Notwithstanding the above, the financial statements have been prepared on a going concern basis due to the rolling nature of resident funded loans 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.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 CBRE on 30 June 2017 whereby the freehold land and buildings were reflected at fair value. Refer to note 5 and Statement of Changes in Equity for details.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' 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(f)) 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 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:

	<u>Depreciation rate</u>	<u>Method of depreciation</u>
Furniture and Fittings	10-37.5%	Written Down Value
Office Equipment	15-37.5%	Written Down Value
Plant and Equipment	10-50%	Written Down Value
Motor Vehicles	22.50%	Written Down Value
Building at valuation	4%	Straight line

The independent valuation was performed in 2017, refer Note 5

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 surplus.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 AIFRS. 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 of the recoverable amount of the asset.

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 resident 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.

	2017	2016
	\$	\$
Residents' Entry Contributions and Accommodation Bonds	<u>44,829,214</u>	<u>38,627,186</u>
Bonds repaid	7,575,956	5,690,092
Bonds received	<u>12,173,532</u>	<u>11,815,366</u>
Net bonds received	<u>4,597,576</u>	<u>6,125,274</u>

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 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 recognition 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.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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. Comparative Figures

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

o. 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 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.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 2017, 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 using zero growth and a WACC of 10.5% to 2022 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 2017.

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. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

p. Fair Value of Assets and Liabilities

The company 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 (i.e. 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 (i.e. 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 (i.e. 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.

Fair value has been determined by an independent external valuation of the property at 30 June 2017 on the basis in Note 5 Property Plant and Equipment. The Directors have assessed the value of the property at 30 June 2017, 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.

q. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Association, together with an assessment of the potential impact of such pronouncements on the Association when adopted in future periods, are discussed below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

The revised requirements include:

- simplifications to the classification of financial assets
- an expected loss impairment model

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The revenue of the association is derived from Government subsidies and fees charged to residents. Therefore the directors expect that there will be no material impact on transition to AASB 15.

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1st January 2019)

ASSISI CENTRE INCORPORATED
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AASB 1058 applies to transactions where the consideration to purchase an asset is significantly less than its fair value in order to support the entity to further its objectives. It also applies to volunteer services.

The following are the key requirements in this standard:

1. Income arising from the excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets, and revenue should be immediately recognised in profit or loss. For this purpose assets, liabilities and revenue are to be measured in accordance with the applicable standard;
2. A liability is recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with other standards. This liability has to be amortised to profit or loss as the entity satisfies its obligations under the transfer; and An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services shall be measured at fair value and any excess over the related amounts (such as contribution by owners or revenue) should be immediately recognised in profit or loss.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
2. Revenue			
Government Subsidies		9,317,315	8,155,471
Resident Fees		2,608,058	2,502,600
Accommodation Bond Periodic Payments		626,231	532,219
Retention Fees Received - Accommodation Bonds		86,685	136,884
Resident Accommodation Charges		106,601	113,897
Accommodation Bond Interest		392,000	363,104
Interest Received / Receivable		591,838	420,049
Net Rental Income		100,949	96,460
Chapel Ceremonies		4,959	4,880
Fundraising Super Raffle		13,034	-
Central Committee Fundraising		67,965	55,843
Sundry Donations		38,020	69,691
Montesori Grant		29,947	-
Other Recoveries		43,004	32,322
		<u>14,026,606</u>	<u>12,483,420</u>
3. Cash and Cash Equivalents			
Cash at Bank		26,233,628	19,976,785
Cash on Hand		3,000	2,190
		<u>26,236,628</u>	<u>19,978,975</u>
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:			
Cash and cash equivalents		<u>26,236,628</u>	<u>19,978,975</u>
4. Trade and Other receivables			
Current			
Receivables		165,066	176,470
Provision for Impairment of Receivables		(22,000)	(22,000)
Bonds Receivable		7,836,013	6,063,670
GST Recoverable		36,369	38,919
Interest Receivable		230,639	109,544
		<u>8,246,087</u>	<u>6,366,603</u>

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
5. Property, Plant & Equipment		
Land (at Fair Value)		
At Independent Valuation	<u>24,700,000</u>	<u>18,500,000</u>
Buildings (at Fair Value)		
At Independent Valuation	33,650,000	22,004,000
Accumulated Depreciation	-	(1,760,320)
Total	<u>33,650,000</u>	<u>20,243,680</u>
Buildings at cost		
Buildings improvements - at Cost	-	1,339,867
Accumulated Depreciation	-	(4,393)
Total	<u>-</u>	<u>1,335,474</u>
Total Property	<u>58,350,000</u>	<u>40,079,154</u>

Revaluations

A formal independent valuation was undertaken by CBRE on 30 June 2017. The value of \$58,350,000 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:

	2017	2016
	\$	\$
Bond Liquidity	5,000,000	5,000,000
Asset Finance	500,000	500,000
Other Transaction Facilities	<u>1,000,000</u>	<u>1,000,000</u>
	<u>6,500,000</u>	<u>6,500,000</u>

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
5. Property, Plant & Equipment (Continued)		
Plant & Equipment - at Cost	2,496,171	2,435,031
Accumulated Depreciation	<u>(1,052,555)</u>	<u>(900,418)</u>
	<u>1,443,616</u>	<u>1,534,613</u>
Furniture & Fittings - at Cost	1,708,978	1,709,431
Accumulated Depreciation	<u>(904,078)</u>	<u>(782,611)</u>
	<u>804,900</u>	<u>926,820</u>
Office Equipment - at Cost	370,563	374,709
Accumulated Depreciation	<u>(262,824)</u>	<u>(271,242)</u>
	<u>107,739</u>	<u>103,467</u>
Chapel Assets - at Cost	35,736	35,736
Accumulated Depreciation	<u>(17,152)</u>	<u>(15,321)</u>
	<u>18,584</u>	<u>20,415</u>
Motor Vehicles - at Cost	145,270	165,356
Accumulated Depreciation	<u>(105,776)</u>	<u>(113,673)</u>
	<u>39,494</u>	<u>51,683</u>
Capital Works in Progress	96,070	-
Total Property, Plant & Equipment	<u>60,860,403</u>	<u>42,716,152</u>

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. 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 2016	Additions	Revaluation	Proceeds on Disposal	Disposals /Transfers	Depreciation	Carrying Amount at 30 June 2017
Land at Fair Value	18,500,000	-	6,200,000	-	-	-	24,700,000
Buildings at Fair Value	20,243,680	-	14,287,822	-	-	(881,502)	33,650,000
Buildings at Cost	1,335,474	37,248	(1,319,303)	-	-	(53,419)	-
Plant and Equipment	1,534,613	110,346	-	(350)	(2,836)	(198,157)	1,443,616
Furniture and Fittings	926,820	56,584	-	-	(3,045)	(175,459)	804,900
Office Equipment	103,467	45,478	-	-	(405)	(40,801)	107,739
Chapel Assets	20,415	-	-	-	-	(1,831)	18,584
Motor Vehicles	51,683	-	-	(3,182)	1,180	(10,187)	39,494
Capital Works in Progress	-	96,070	-	-	-	-	96,070
Total	42,716,152	345,726	19,168,519	(3,532)	(5,106)	(1,361,356)	60,860,403

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
6. Intangibles		
Approved Provider Bed Licences (at Deemed Cost)	4,800,000	4,800,000
Total Intangible Assets	4,800,000	4,800,000
7. Trade and Other payables		
Current		
Trade Payables	292,820	198,434
Other Payables and Accrued Charges	68,305	58,639
Prepaid Income	50,414	77,946
Loan - Resident Trust Monies	13,132	13,610
Accrued Expenses - Payroll Costs	258,895	213,661
	683,566	562,290
8. Employee Benefits		
Current		
Provision for Annual Leave	816,574	729,020
Provision for Long Service Leave	565,050	557,256
	1,381,624	1,286,276
Non Current		
Provision for Long Service Leave	163,250	142,667
Analysis of Employee Provisions		
Opening balance	1,428,943	1,345,975
Additional provisions	648,427	621,704
Amounts used	(532,496)	(538,736)
Closing balance	1,544,874	1,428,943
9. Financial Liabilities		
Current		
Hire purchase lease liability	-	36,000
Residents' Entry Contributions and Accommodation Bonds	44,829,214	38,627,186
Total short term liabilities	44,829,214	38,663,186
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.		
Total financial liabilities	44,829,214	38,663,186

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10. Remuneration of Auditor	2017	2016
	\$	\$
Remuneration of the auditor of the association for:		
- Auditing services	<u>28,000</u>	<u>26,500</u>

11. Contingent Liabilities

The Association had no contingent assets or contingent liabilities as at 30 June 2017 and 30 June 2016.

12. Reserves

The asset revaluation reserve records revaluation of land and buildings.

13. Cash Flow Information

	2017	2016
	\$	\$
Reconciliation of Cash Flow from Operations with Surplus		
Operating Surplus (Deficit)	634,126	(258,891)
Non Cash Flows in surplus		
Depreciation and Amortisation	1,361,356	1,324,181
Disposal of fixed assets	5,106	-
Bond Retentions, interest and fees Deducted	(140,546)	(272,440)
Changes in Assets & Liabilities		
(Increase) in Receivables	(15,939)	(36,613)
(Increase) in Interest Receivable	(121,095)	(12,454)
(Increase) Decrease in GST Recoverable	2,550	(10,035)
Increase (Decrease) in Prepayments	75,508	(59,043)
(Decrease) Increase in Trade Payables	94,386	(129,102)
Increase (Decrease) in Prepaid Income	(27,532)	48,611
Increase in Provision for Employee Entitlements	115,931	82,968
Increased (Decrease) in Accrued Expenses	54,900	(79,674)
Cash Flows from operations	<u>2,038,751</u>	<u>597,508</u>

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

14. Related Parties

During the year ended 30th June 2017, 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 Chief Executive Officer, 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 \$530,677 (2016: \$506,666).

15. Capital and Hire Purchase Commitments

	Note	2017	2016
		\$	\$
Hire Purchase Commitments			
Payable - minimum hire purchase lease payments:			
- not later than 12 months		-	36,244
- between 12 months and 5 years		-	-
Minimum hire purchase lease payments		-	36,244
Less future finance charges		-	(244)
Present value of minimum hire purchase lease payments	9	-	36,000

The finance lease for a motor vehicle, which commenced in 2011, was a five year lease with an option to refinance at the end in October 2016, which was not exercised. The lease payments were payable in advance.

16. 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	2017	2016
		\$	\$
Financial assets			
Cash and cash equivalents	3	26,236,628	19,978,975
Loans and receivables	4	8,246,087	6,366,603
Total financial assets		<u>34,482,715</u>	<u>26,345,578</u>
Financial liabilities			
Financial liabilities at amortised cost			
- trade and other payables	7	683,566	562,290
- residents' Entry Contributions and Accommodation Bonds	9	44,829,214	38,663,186
Total financial liabilities		<u>45,512,780</u>	<u>39,225,476</u>

The Association does not subsequently measure any assets or liabilities at fair value on a recurring or non-recurring basis. The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

ASSISI CENTRE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. Events after the Balance Date

No matter or circumstance has arisen since the 30 June 2017 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.

18. 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.

19. 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

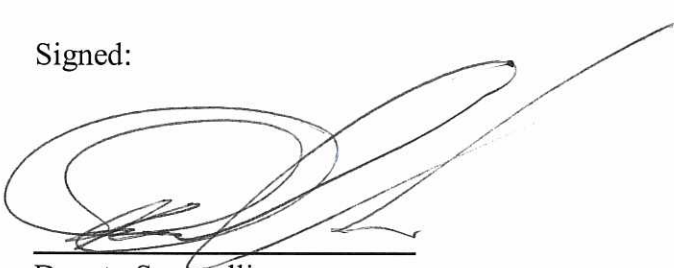
ASSISI CENTRE INCORPORATED

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

We, Donato Smarrelli and Antonio Salce 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 2017.

Signed:



Donato Smarrelli
President



Antonio Salce
Secretary

Dated this 25th day of September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSISI CENTRE INCORPORATED

Opinion

We have audited the financial report of Assisi Centre Incorporated ("the Association") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012* including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

We conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



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

ShineWing Australia

ShineWing Australia
Chartered Accountants

A handwritten signature in black ink, appearing to read "Hayley Underwood".

Hayley Underwood
Partner

Melbourne, 25 September 2017

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 2017 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood

Hayley Underwood
Partner

Melbourne, 25 September 2017