



Mallee Accommodation and Support Program Ltd

ABN 51 726 968 790

Financial Statements for the year ended 30 June 2020

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Contents

For the year ended 30 June 2020

	Page
Directors' Report	1 – 5
Auditor's Independence Declaration	6
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 – 34
Directors' Declaration	35
Independent Auditor's Report	36 – 37

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Directors' Report

For the year ended 30 June 2020

Your directors present their report of Mallee Accommodation and Support Program Ltd ("MASP") for the year ended 30 June 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Caroline Smith
Emily Walshaw
Frank Piscioneri (appointed 22 July 2020 – ceased 25 September 2020)
Glenn Milne
Gregory Schultz
Katherine Crouch
Mary Rydberg
Simon Fewings
Tina Smyth
Tristram Lock

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Frank Piscioneri was appointed as Alternative Director during period of leave granted to Caroline Smith.

Principal activity

The principal activity of the organisation during the financial year was the provision of assistance and support to young people, adults and families in need through a wide range of related support services.

Our values

The organisation's values are:

- Caring – We listen, we are honest about what we do, we are open minded, objective and non-judgemental.
- Empathy – We show understanding, knowledge and compassion, and respect the dignity of others always.
- Integrity – We do what we say we will do, believe in self and organisation, are honest and work towards continual improvement.
- Aspiration – Continual growth towards future betterment.

Short-term objectives

The organisation's short-term objectives are:

- to facilitate the availability of appropriate and affordable accommodation options for people experiencing homelessness or housing related crisis;
- to provide affordable rental housing to people on low incomes;
- to address the direct relief of such poverty, sickness, suffering, distress, misfortune, disability, destitution, or helplessness as arouses compassion in the local community of Mildura and the surrounding catchment area; and
- to achieve the goals outlined in the MASP Strategic Plan 2019-22.

Long-term objectives

The organisation's long-term objectives are:

- develop and deliver innovative solutions for communities to access safe secure housing and aligned services;
- empower our community to be free from homelessness, abuse, poverty and disadvantage to lead safe, secure, healthy and fulfilling lives;
- establish relationships that enable MASP to effectively advocate for our client cohort and the broader community on government policy and agenda; and
- to monitor and endeavour to meet deficiencies in the welfare services of the Community.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Directors' Report

For the year ended 30 June 2020

Strategy for achieving short and long-term objectives

The MASP Strategic Plan outlines a comprehensive strategic framework which guides the organisation's core objectives, principles and priorities and underpins all other business and program planning processes.

To achieve its objectives, MASP has adopted the following strategies:

- Sustainability – Create an appropriate organisational and service model to ensure a sustainable future for the organisation and our clients.
- Innovation – Develop innovative practices to ensure future planning is representative of our clients' needs.
- Professionalism – Foster a professional approach within the organisation and with those with whom we work.
- Excellence – Create a culture of excellence at an organisation, local, state and federal level.

Performance measures

MASP measures its performance on the achievement of targets for delivery of services.

Information on directors

Caroline Smith (Chair)	
Title	Director since 2014. Board Chair since 2018.
Qualifications	Bachelor of Business with a major in Accounting and a minor in Human Resource Management, full member of CPA Australia, certificated member of the Governance Institute of Australia and Graduate of the Australian Institute of Company Directors (GAICD).
Expertise	Finance and Accounting
Board Committee(s)	Finance and Risk & Strategy
Experience	Caroline has over 20 years of experience as an accountant and has been employed in the Business Services, Horticultural, Aboriginal Health and Education industries. Caroline's experience extends to the not-for-profit sector.

Emily Walshaw	
Title	Director since 2019.
Qualifications	Certificate of Governance Practice, Diploma in Business, Diploma in Management and Graduate of the Australian Institute of Company Directors (GAICD).
Expertise	Governance and Risk
Board Committee(s)	Risk & Strategy
Experience	Emily has over 12 years' experience in corporate administration, risk, governance and compliance in public and not-for-profit tertiary health and public education sectors across a number of states and territories and overseas.

Frank Piscioneri (appointed 22 July 2020 – ceased 25 September 2020)	
Title	Alternative Director (during period of leave granted to Caroline Smith).
Qualifications	Diploma of Business Studies (Accounting), Fellow of CPA Australia (FCPA), Certified Member of Governance Institute of Australia GIA (Cert), Graduate Member of the Australian Institute of Company Directors (GAICD).
Expertise	Financial Management and Corporate Governance
Board Committee(s)	Finance
Experience	Frank has extensive experience in financial management (CFO), operations and corporate governance across education, local government and health sectors.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Directors' Report

For the year ended 30 June 2020

Information on directors (cont.)

Glenn Milne	
Title	Director since 2012.
Qualifications	Diploma of Business in Community Services and Health Management, Associate Diploma in Welfare Studies, Graduate of the Australian Institute of Company Directors (GAICD) and a life member of MASP.
Expertise	Local Government and Community Service
Board Committee(s)	Capital Assets Planning and Risk & Strategy
Experience	Glenn is currently serving his fifteenth year as a Mildura Rural City Council Councillor, including 7 terms as Mayor. Glenn has a strong interest in the community and the welfare of disabled and homeless people.

Gregory Schultz	
Title	Director since 2012, Co-Deputy Chair.
Qualifications	Completed training with the Australian Institute of Company Directors.
Expertise	Business and Management
Board Committee(s)	Finance
Experience	Greg is the Sales General Manager for Telstra in North West Victoria and has been in the telecommunications sector for over 30 years. Greg is involved in a number of other committees in the community, including the Blue-Ribbon Foundation and the Telstra Advisory Board for Western Victoria.

Katherine Crouch	
Title	Director since 2013.
Qualifications	BA in Psychology, Post Graduate Diploma in Adult Education, Masters of Training and Development, Certificate of Applied Behavioural Analysis, Post Graduate Certificate in Forensic Mental Health, Advanced Diploma of Management, Diploma of Leadership and Graduate of the Inaugural Diploma of Therapeutic Life Story Work.
Expertise	Child, Youth and Family Service
Board Committee(s)	Capital Assets Planning and Clinical Governance
Experience	Kathy is the Therapeutic Systems Team Practice Leader, supporting organisational health and safety across Mildura District Aboriginal Services (MDAS).

Mary Rydberg	
Title	Director since 2018, Co-Deputy Chair.
Qualifications	Graduate Diploma of Business, Graduate Member of the Australian Institute of Company Directors, Member of Women on Boards.
Expertise	Governance and Business Management
Board Committee(s)	Clinical Governance
Experience	Mary is a semi-retired leader with experience within the health and community services sectors for the State Government, hospitals, not-for-profit sector and local government. Mary is a Chair of Mildura Base Public Hospital Board, a member of the Mallee Track Health & Community Services Board, a member of the Mildura Rural City Council Audit & Risk Committee and a member of the board of Enliven Victoria.

Simon Fewings	
Title	Director since 2018.
Qualifications	Diploma in Community Services/Community Development, Advanced Diploma in Business Management and Leadership and Cert IV in Training & Assessing.
Expertise	Education, Government Policy Frameworks
Board Committee(s)	Capital Assets Planning and Risk & Strategy
Experience	Simon is the Manager Koorie Training at SuniTAFE and holds strong interests in community development and community-controlled learning. Simon has a long history of volunteering his time with local and state organisations.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Directors' Report

For the year ended 30 June 2020

Information on directors (cont.)

Tina Smyth	
Title	Director since 2018.
Qualifications	Diplomas in Business Administration, Accounting, Occupational Health and Safety and Human Resources and is a qualified quality auditor.
Expertise	Business Management and Human Resources
Board Committee(s)	Finance
Experience	Tina has a strong interest in community wellbeing, health and support and has extensive experience in Business Management.

Tristram Lock	
Title	Director since 2019.
Qualifications	Bachelor of Laws from Waikato University (NZ) and Master in Laws from University of Amsterdam (NL).
Expertise	Legal
Board Committee(s)	Clinical Governance
Experience	Tristram is a Principal solicitor with Mildura law firm Holcroft Lawyers. Tristram has worked in the legal services industry in both Australia and New Zealand for over 10 years and, in his early career, served as legal representative for the child.

Company secretary

Gary Simpson was appointed company secretary on the 23rd February 2017 and has been MASP CEO since 1st February 2017.

Meetings of directors

The number of meetings of MASP's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Board		Finance		Clinical Governance		Capital Assets Planning		Risk & Strategy	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Caroline Smith	13	12	13	12					4	2
Emily Walshaw	13	11							4	4
Glenn Milne	13	9					3	2	4	4
Gregory Schultz	13	11	13	12						
Katherine Crouch	13	9			11	8	3	2		
Mary Rydberg	13	12			11	10				
Simon Fewings	13	8					3	1	4	3
Tina Smyth	13	11	13	13						
Tristram Lock	12	10			9	8				

Impact of COVID-19

During the financial year the Directors oversaw the organisation's response to the COVID-19 pandemic. Impacts to financial and service delivery caused by the pandemic were assessed and monitored. MASP did not qualify for JobKeeper funding support and maintained a good level of continuity in support of its clients by alternative delivery models to meet COVID-19 restrictions.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Directors' Report

For the year ended 30 June 2020

After balance date events

The impact of the Coronavirus (COVID-19) pandemic is still ongoing for MASP as at 30 June 2020. At the date of this report it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of MASP, or the results of those operations.


Contributions on winding up

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the company are liable to contribute if the company is wound up is \$30.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found immediately after this directors' report.

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



Gregory Schultz, Director

Dated this 9th day of November 2020

RSM Australia Partners

12 Anderson Street West, Ballarat VIC 3350

PO Box 685 Ballarat VIC 3353

T +61(0) 3 5330 5800

F +61(0) 3 5330 5890

www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Mallee Accommodation and Support Program Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in Division 60 of 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.

*RSM***RSM AUSTRALIA PARTNERS**A handwritten signature in black ink that reads "John Findlay".

JOHN FINDLAY
Partner

Ballarat, Victoria

Dated this 9th day of November 2020**THE POWER OF BEING UNDERSTOOD**
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Revenue	2.1	11,510,058	11,122,926
Other revenue	2.2	997,030	1,550,817
Total revenue		12,507,088	12,673,743
Expenditure			
Employee benefits expense	3.3	8,723,711	7,721,926
Operating expenditure	3.1	2,109,809	2,104,188
Depreciation	4.3	597,039	261,416
Loss on sale of property, plant and equipment		-	58,070
Impairment of held for sale assets		-	104,600
Finance expense		68,671	10,720
Total expenditure		11,499,230	10,260,920
Operating surplus before income tax		1,007,858	2,412,823
Income tax expense		-	-
Operating surplus after income tax		1,007,858	2,412,823
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of land and buildings, net of income tax		(296,491)	(445,881)
Other comprehensive loss for the year		(296,491)	(445,881)
Total comprehensive income for the year		711,367	1,966,942

The accompanying notes form part of these financial statements

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	3,925,162	2,265,088
Financial assets	4.4	2,259,981	179,805
Trade and other receivables	5.1	434,474	224,930
Assets held for sale	4.5	-	1,205,400
Other current assets	5.2	75,097	95,029
Total Current Assets		6,694,714	3,970,252
Non-Current Assets			
Property, plant and equipment	4.1	8,138,230	8,936,133
Right-of-use assets	4.2	851,822	-
Total Non-Current Assets		8,990,052	8,936,133
TOTAL ASSETS		15,684,766	12,906,385
LIABILITIES			
Current Liabilities			
Trade and other payables	5.3	824,266	848,027
Employee benefits liabilities	3.2	1,015,085	856,102
Contract liabilities	5.4	2,406,386	-
Other liabilities	5.5	-	1,046,324
Borrowings	6.2	10	10
Lease liabilities	6.3	196,298	62,690
Total Current Liabilities		4,442,045	2,813,153
Non-Current Liabilities			
Employee benefits liabilities	3.2	227,185	214,220
Lease liabilities	6.3	689,513	264,356
Total Non-Current Liabilities		916,698	478,576
TOTAL LIABILITIES		5,358,743	3,291,729
NET ASSETS		10,326,023	9,614,656
EQUITY			
Revaluation surplus reserve	8.1	451,468	747,959
Retained surplus		9,874,555	8,866,697
TOTAL EQUITY		10,326,023	9,614,656

The accompanying notes form part of these financial statements

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Statement of Changes in Equity

For the year ended 30 June 2020

	Retained surpluses \$	Revaluation surplus reserve \$	Total equity \$
2020			
Balance at 1 July 2019	8,866,697	747,959	9,614,656
Surplus for the year	1,007,858	-	1,007,858
Revaluation of land and buildings, net of tax	-	(296,491)	(296,491)
Balance at 30 June 2020	9,874,555	451,468	10,326,023
2019			
Balance at 1 July 2018	6,453,874	1,193,840	7,647,714
Surplus for the year	2,412,823	-	2,412,823
Revaluation of land and buildings, net of tax	-	(445,881)	(445,881)
Balance at 30 June 2019	8,866,697	747,959	9,614,656

The accompanying notes form part of these financial statements

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (including GST)		14,924,287	13,986,311
Payments to clients, suppliers and employees (including GST)		(11,958,058)	(10,759,385)
Interest received		18,798	20,956
Interest paid		(68,671)	(10,720)
Net cash provided by operating activities	8.2	2,916,356	3,237,162
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant and equipment		46,819	186,729
Proceeds from the sale of held for sale assets		1,205,400	-
Acquisition of property, plant and equipment		(262,977)	(4,639,766)
Investment in term deposits		(2,080,176)	(69,805)
Net cash used in investing activities		(1,090,934)	(4,522,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		-	10
Repayment of finance leases		(165,348)	(24,853)
Net cash used in financing activities		(165,348)	(24,843)
Net increase/(decrease) in cash and cash equivalents held		1,660,074	(1,310,523)
Cash and cash equivalents at beginning of financial year		2,265,088	3,575,611
Cash and cash equivalents at end of financial year	6.1	3,925,162	2,265,088

The accompanying notes form part of these financial statements

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Summary of Significant Accounting Policies

The financial statements cover Mallee Accommodation and Support Program Ltd ("MASP") as an individual entity, incorporated and domiciled in Australia. MASP is a company limited by guarantee.

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

New or amended Accounting Standards and Interpretations adopted

MASP has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

MASP adopted AASB 15, 1058 and 16 from 1 July 2019.

AASB 15 Revenue from Contracts with Customers

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

The standard replaces AASB 1004 *Contributions* in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

AASB 16 Leases

The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Summary of Significant Accounting Policies (cont.)

Impact of adoption

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

	1 July 2019
	\$
Operating lease commitments as at 1 July 2019 (AASB 117)	1,223,418
Finance lease commitments as at 1 July 2019 (AASB 117)	327,046
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(486,743)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	(129,100)
Right-of-use assets (AASB 16)	<u>934,621</u>
Lease liabilities (AASB 16)	<u>934,621</u>

When adopting AASB 16 from 1 July 2019, MASP has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- accounting for leases with an asset value below \$10,000 as at 1 July 2019 as low value leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

	New	Previous	Difference
	\$	\$	\$
Contract liabilities	2,406,386	-	2,406,386
Other current liabilities	-	2,406,386	(2,406,386)

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) as appropriate for not-for-profit oriented entities. MASP is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except certain classes of property, plant and equipment.

Critical accounting estimates

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

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Summary of Significant Accounting Policies (cont.)

a) Company details

The registered office and principal place of business is:

140 Langtree Avenue
Mildura VIC 3500

b) Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in MASP's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in MASP's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

c) Income tax

As the company is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax. The company holds deductible gift recipient status.

d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the 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 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 ATO.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 2 Funding Delivery of Our Services

MASP's overall objective is to provide the provision of assistance and support to young people, adults, and families in need through a wide range of related support services throughout the Mallee region. To enable MASP to fulfil its objective it receives income mainly based on government funding. The company also receives income from sales, the supply of services and rental income as outlined below.

- 2.1: Revenue
- 2.2: Other revenue

	2020	2019
	\$	\$
Note 2.1: Revenue		
Operating grants	9,258,958	10,152,205
Sales	248,269	306,524
Rental revenue	233,856	229,950
Services revenue	1,768,975	434,247
Total revenue	11,510,058	11,122,926
Note 2.2: Other revenue		
COVID-19 government funding	100,000	-
Capital funding	822,519	1,465,334
Fundraising	5,500	29,176
Donations	40,260	33,160
Other income	1,975	2,191
Interest income	18,798	20,956
Gain on sale of property, plant and equipment	7,978	-
Total other revenue	997,030	1,550,817

Revenue recognition

MASP recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Grants

MASP's programs are supported by grants received from the federal, state and local governments.

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied. Based on the terms and conditions of the grant agreements grant revenue is either recognised under AASB 15 or AASB 1058.

During the year funding was received from government in relation to COVID-19 support. This was recognised as in accordance with AASB 1058.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 2 Funding Delivery of Our Services (cont.)

Rent

Rent is recognised on a straight-line basis over the lease term.

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time the pledge is made.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

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

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 3 The Cost of Delivering Services

This section provides an account of the expenses incurred by MASP in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

- 3.1: Breakdown of operating expenditure
- 3.2: Employee benefits in the statement of financial position
- 3.3: Employee benefits expense

	2020	2019
	\$	\$
Note 3.1: Breakdown of operating expenditure		
Administration expense	901,251	863,128
Service delivery expense	1,174,362	1,202,256
Consulting fees	24,768	14,711
Other expenses	9,428	24,093
Total operating expenditure	<u>2,109,809</u>	<u>2,104,188</u>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Note 3.2: Employee benefits in the Statement of Financial Position

Current

Long service leave	277,669	261,825
Annual leave	646,551	536,246
Other leave provisions	90,865	58,031
Total current provisions	<u>1,015,085</u>	<u>856,102</u>

Non-current

Long service leave	<u>227,185</u>	<u>214,220</u>
--------------------	-----------------------	-----------------------

Employee benefits recognition

Provision is made for the MASP's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

On 1 July 2019, the Portable Long Service Authority commenced The Portable Long Service Benefits Scheme. This is a scheme which enables community service workers to take their long service entitlement with them if they change jobs, but stay in the industry. On this basis, from the date that the employee enters the scheme MASP completes a quarterly return which identifies MASP's quarterly contribution to the scheme in relation to these employees. The levy is then paid within 14 days. Existing entitlements pre entering the scheme are maintained by MASP.

Critical accounting estimates and judgments – Employee benefits

As discussed above, 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.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 3 The Cost of Delivering Services (cont.)

	2020	2019
	\$	\$
Note 3.3: Employee benefits expense		
Wages and salaries	6,908,476	6,031,642
Defined contribution superannuation expense	691,416	648,996
Other employee entitlement expense	880,979	754,599
Workers insurance	180,325	246,815
Other employee expenses	62,515	39,874
Total employee benefits expense	<u>8,723,711</u>	<u>7,721,926</u>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, long service leave portability levies and WorkCover premiums.

Contributions are made by MASP to an employee superannuation fund and are charged as expenses when incurred.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 Key Assets to Support Service Delivery

MASP controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources to be utilised for delivery of those outputs.

- 4.1: Property, plant and equipment
- 4.2: Right-of-use assets
- 4.3: Depreciation
- 4.4: Financial assets
- 4.5: Assets held for sale

	2020 \$	2019 \$
Note 4.1: Property, plant and equipment		
<i>Land</i>		
Land at valuation (2020)	1,545,000	-
Land at valuation (2019)	-	1,475,000
Total land	1,545,000	1,475,000
<i>Buildings</i>		
Buildings at valuation (2020)	5,765,000	-
Buildings at valuation (2019)	-	6,260,000
Total buildings	5,765,000	6,260,000
Total land and buildings	7,310,000	7,735,000
<i>Plant and equipment</i>		
Plant and equipment at cost	136,203	118,761
Less accumulated depreciation	(81,564)	(68,860)
	54,639	49,901
Furniture and fittings at cost	530,063	470,251
Less accumulated depreciation	(193,992)	(103,508)
	336,071	366,743
Motor vehicles at cost	339,097	426,151
Less accumulated depreciation	(178,762)	(169,048)
	160,335	257,103
Office equipment at cost	393,201	613,110
Less accumulated depreciation	(132,756)	(93,050)
	260,445	520,060
Total plant and equipment	811,490	1,193,807
Capital works in progress	16,740	7,326
Total property, plant and equipment	8,138,230	8,936,133

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.1: Property, plant and equipment (cont.)

i) Reconciliations of the carrying amounts of each class of asset

	Land (at valuation) \$	Buildings (at valuation) \$	Plant and equipment (at cost) \$	Furniture and fittings (at cost) \$	Motor vehicles (at cost) \$	Office equipment (at cost) \$	Capital WIP (at cost) \$	Total \$
2020								
Balance at 1 July 2019	1,475,000	6,260,000	49,901	366,743	257,103	520,060	7,326	8,936,133
Additions	-	29,272	17,442	53,286	13,137	133,100	16,740	262,977
Disposals	-	-	-	-	(38,099)	(742)	-	(38,841)
Transfers	-	-	-	6,526	-	-	(6,526)	-
Expensed to the profit and loss	-	-	-	-	-	-	(800)	(800)
Transfer to right-of-use asset	-	-	-	-	-	(325,424)	-	(325,424)
Revaluations	70,000	(366,491)	-	-	-	-	-	(296,491)
Depreciation	-	(157,781)	(12,704)	(90,484)	(71,806)	(66,549)	-	(399,324)
Carrying amount at 30 June 2020	1,545,000	5,765,000	54,639	336,071	160,335	260,445	16,740	8,138,230
2019								
Balance at 1 July 2018	2,458,000	2,439,624	62,853	155,002	427,328	126,020	537,736	6,206,563
Additions	-	15,509	14,578	260,269	87,402	508,251	4,105,656	4,991,665
Disposals	-	-	(13,250)	(13,248)	(166,679)	(51,621)	-	(244,798)
Transfer to held for sale	(1,050,000)	(260,000)	-	-	-	-	-	(1,310,000)
Transfers	-	4,636,066	-	-	-	-	(4,636,066)	-
Revaluations	67,000	(512,881)	-	-	-	-	-	(445,881)
Depreciation	-	(58,318)	(14,280)	(35,280)	(90,948)	(62,590)	-	(261,416)
Carrying amount at 30 June 2019	1,475,000	6,260,000	49,901	366,743	257,103	520,060	7,326	8,936,133

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.1: Property, plant and equipment (cont.)

Property, plant and equipment recognition

Each class of property, plant and equipment is carried at cost or fair value 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 every 3 years, valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of MASP's land and buildings was performed by Herron Todd White with the effective date of 30 June 2020.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the statement of profit or loss and other comprehensive income and accumulated in the property asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of asset shall be recognised in the statement of profit or loss and 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. As the revalued buildings are depreciated the difference between depreciation recognised in the statement of profit and loss and other comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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

Freehold land and buildings 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.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount, and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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.

Capital works in progress

Items of property, plant and equipment are recorded as capital work in progress until such a time that the asset is ready for use. Once the asset is deemed ready for use, the capital work in progress will be transferred to property, plant and equipment and depreciation will commence at that time.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 Key Assets to Support Service Delivery (cont.)

	2020 \$	2019 \$
Note 4.2: Right-of-use assets		
Motor vehicles	310,297	-
Less accumulated depreciation	(98,415)	-
Total motor vehicles	211,882	-
College property leases	413,816	-
Less accumulated depreciation	(19,906)	-
Total college property leases	393,910	-
Computer equipment	351,889	-
Less accumulated depreciation	(105,859)	-
Total computer equipment	246,030	-
Total right-of-use assets	851,822	-

i) Reconciliations of the carrying amounts of each class of asset

	Motor vehicles \$	College property leases \$	Computer equipment \$	Total \$
2020				
Balance at 1 July 2019	-	-	-	-
First time adoption of AASB 16	199,224	413,816	-	613,040
Additions	111,073	-	-	111,073
Transfer from property, plant and equipment	-	-	325,424	325,424
Depreciation	(98,415)	(19,906)	(79,394)	(197,715)
Carrying amount at 30 June 2020	211,882	393,910	246,030	851,822

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.2: Right-of-use assets (cont.)

Impairment of assets

At the end of each reporting period, MASP 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 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 statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when MASP would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, MASP estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Critical accounting estimates and judgments – Impairment of non-financial assets

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

	2020	2019
	\$	\$
Note 4.3: Depreciation		
Buildings	157,781	58,318
Plant and equipment	12,704	14,280
Furniture and fittings	90,484	35,280
Motor vehicles	71,806	90,948
Office equipment	66,549	62,590
Motor vehicles – right-of-use assets	98,415	-
College property leases – right-of-use assets	19,906	-
Computer equipment – right-of-use assets	79,394	-
Total depreciation	597,039	261,416

Depreciation recognition

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to MASP commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 Key Assets to Support Service Delivery (cont.)

Note 4.3: Depreciation (cont.)

Depreciation is calculated on either a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of fixed asset	Useful life
Buildings	40 years
Plant and equipment	5 years
Furniture and fittings	5 years
Motor vehicles	4 – 5 years
Office equipment	4 – 8 years
Motor vehicles – ROU	3 years
College property leases – ROU	50 – 83 years
Computer equipment – ROU	5 years

Critical accounting estimates and judgments – Estimation of useful lives of assets

MASP determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

	2020	2019
	\$	\$
Note 4.4: Financial assets		
<i>Current</i>		
Term deposits greater than 3 months	2,259,981	179,805
Total financial assets	2,259,981	179,805

Financial assets recognition

Refer note 7.1 for further information on accounting policies in relation to financial assets.

Note 4.5: Assets held for sale

Current

Assets held for sale	-	1,205,400
----------------------	---	-----------

In the prior year assets held for sale comprise 3 properties at Langtree Avenue, Mildura which were on the market and for sale at the balance date. These were all sold during the 2019/20 financial year.

Non-current assets held for sale recognition

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 5 Other Assets and Liabilities

This section sets out those assets and liabilities that arose from MASP's operations.

- 5.1: Trade and other receivables
- 5.2: Other current assets
- 5.3: Trade and other payables
- 5.4: Contract liabilities
- 5.5: Other liabilities

	2020	2019
	\$	\$
Note 5.1: Trade and other receivables		
Trade receivables	288,891	219,735
Sundry debtors	95,583	5,195
Other receivables	50,000	-
Total trade and other receivables	<u><u>434,474</u></u>	<u><u>224,930</u></u>

Receivables recognition

Receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. MASP holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

During the year \$50,000 was received, and \$50,000 was outstanding as a government debtor in relation to cashflow boost funding. The total amount of Cash Flow Boost funding MASP was entitled to, was the maximum amount from the scheme being \$100,000. These amounts are recognised in accordance with AASB 1058.

Note 5.2: Other current assets

Prepayments	56,704	82,306
Materials and packaging	18,393	12,723
Total other current assets	<u><u>75,097</u></u>	<u><u>95,029</u></u>

Other assets recognition

Other assets include prepayments and inventory.

Prepayments are payments in advance of receipt of goods and services, or the payments made for services covering a term extending beyond that financial accounting period.

Inventory is stated at the lower cost and net realisable value.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 5 Other Assets and Liabilities (cont.)

	2020	2019
	\$	\$
Note 5.3: Trade and other payables		
Trade creditors	125,056	279,766
Accrued expenses	133,922	120,755
GST payable	122,046	12,171
Superannuation payable	55,640	75,673
PAYG tax payable	154,587	133,072
Other employee payables	233,015	226,590
Total trade and other payables	<u>824,266</u>	<u>848,027</u>

Payables recognition

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 5.4: Contract liabilities

Income received in advance	2,406,386	-
Total contract liabilities	<u>2,406,386</u>	<u>-</u>

Contract liability recognition

Contract liabilities represent MASP's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when MASP recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before MASP has transferred the goods or services to the customer. This is maintained in relation to government grants.

Note 5.5: Other liabilities

Income received in advance	-	1,046,324
Total other liabilities	<u>-</u>	<u>1,046,324</u>

Consists of government grants received in advance for services to be rendered by the company at a later date.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 6 How We Finance Our Operations

This section provides information on the sources of finance utilised by MASP during its operations, along with other information related to financing activities of MASP.

This section includes disclosures of balances that are financial instruments.

- 6.1: Cash and cash equivalents
- 6.2: Borrowings
- 6.3: Lease liabilities
- 6.4: Commitments

	2020	2019
	\$	\$
Note 6.1: Cash and cash equivalents		
<i>Current</i>		
Cash on hand	1,280	1,280
Cash at bank	3,923,882	2,263,808
Total cash and cash equivalents	3,925,162	2,265,088

Cash and cash equivalents recognition

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 6.2: Borrowings

Current

Loan facility	10	10
Total borrowings	10	10

The company entered into a contract on 9 October 2018 with the Commonwealth Bank to borrow \$1,900,000 secured by properties owned by the company. The facility was reduced to \$1,520,000 on 30 October 2019 and then to \$825,000 on 3 March 2020 as Langtree Avenue properties were sold and no longer available as a security. The loan is for a 3 year term and expires on the 28 September 2021. The loan facility was entered into to facilitate the build of the MASP Service and Community Hub. At balance date, \$10 had been drawn down.

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 6.3: Lease liabilities

Current

Lease liability – motor vehicles	117,819	-
Lease liability – college property leases	11,244	-
Lease liability – computer equipment	67,235	62,690
Total current lease liability	196,298	62,690

Lease liability – motor vehicles	100,451	-
Lease liability – college property leases	391,941	-
Lease liability – computer equipment	197,121	264,356
Total non-current lease liability	689,513	264,356
Total lease liabilities	885,811	327,046

Notes to the Financial Statements

For the year ended 30 June 2020

Note 6 How We Finance Our Operations (cont.)

Note 6.3: Lease liabilities (cont.)

Lease recognition after 1 July 2019

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, MASP's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term; and
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Lease recognition prior to 1 July 2019

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Critical accounting estimates and judgments – Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include:

- the importance of the asset to the MASP's operations;
- comparison of terms and conditions to prevailing market rates;
- incurrence of significant penalties;
- existence of significant leasehold improvements; and
- the costs and disruption to replace the asset.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 6 How We Finance Our Operations (cont.)

Note 6.3: Lease liabilities (cont.)

MASP reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Critical accounting estimates and judgments – Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what MASP estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

	2020	2019
	\$	\$
Note 6.4: Commitments		
Commitments – Capital		
Property – Building of Service and Community Hub	-	32,199
Property – Sunnyside Social Housing Development	104,720	-
Total	<u>104,720</u>	<u>32,199</u>

The company has entered into an agreement with the Victorian Department of Justice and Community Services to build a social housing development on property under college lease at Sunnyside Avenue, Mildura. The agreement provides government funding of \$2,025,000 and a capital commitment from the company of \$600,000. During the financial year, funding of \$805,000 was received and only \$16,740 had been spent. The development is planned for completion by April 2022.

The company had no other capital commitments at balance date.

Commitments – Operating lease

- within 1 year	33,626	146,464
- 1 – 5 years	89,194	340,359
- after 5 years	-	736,595
Total	<u>122,820</u>	<u>1,223,418</u>

Operating leases which meet the definition of a lease under AASB 16 are now recorded as right-of-use assets with a corresponding lease liability. Refer note 6.3 for further details of these leases.

Other commitments relate to leases which are considered short-term or low value or commitments which don't meet the definition of a lease under AASB 16.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 7 Risks, Contingencies and Valuation Uncertainties

MASP is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for MASP is related mainly to fair value determination.

- 7.1: Financial instruments
- 7.2: Contingent assets and contingent liabilities
- 7.3: Fair value measurement

Note 7.1: Financial instruments

Financial instruments arise out of agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. MASP classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the group to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

MASP recognises the following assets in this category:

- cash and cash equivalents;
- receivables; and
- term deposits.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

MASP recognises the following liabilities in this category:

- payables;
- borrowings;
- lease liability; and
- contract liabilities.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

Note 7.1: Financial instruments (cont.)

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- MASP retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- MASP has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where MASP has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the MASP's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial risk management objectives and policies

MASP's activities do expose itself to some financial risks which need to be actively managed. The main risks MASP are exposed to through its financial instruments is credit risk, liquidity risk and market risk consisting of interest rate risk. The main purpose in holding financial instruments is to prudentially manage MASP's financial risks within the parameters set by the Board of Directors.

Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The company is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires MASP to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. MASP manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Market risk

MASP's exposure to market risk is primarily through interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has some exposure to cash flow interest rate risks through cash and deposits that are at floating rates. MASP manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing the company to significant bad risk, management monitors movement in interest rates on a timely basis.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

Note 7.2: Contingent assets and contingent liabilities

At balance date, the company has a contingent liability in favour of Kids Under Cover for the grants received amounting to \$130,000. The agreement stipulates repayment requirements, however, only if there is an event of default as listed in clause 7 of the agreement. It is not probable at year end that the events listed will occur and therefore it is recognised as a contingent liability.

There are no other known contingent assets or contingent liabilities for MASP as at 30 June 2020.

Note 7.3: Fair value measurement

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The company measures the following assets at fair value on a reoccurring basis:

- land and buildings; and
- assets held for sale.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

Note 7.3: Fair value measurement (cont.)

Fair Value Hierarchy

The following tables detail the company's assets measured or disclosed at fair value, using a three-level hierarchy as described above.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2020				
Property, plant and equipment				
Land	-	1,545,000	-	1,545,000
Buildings	-	5,765,000	-	5,765,000
Total assets	-	7,310,000	-	7,310,000
2019				
Property, plant and equipment				
Land	-	1,475,000	-	1,475,000
Buildings	-	6,260,000	-	6,260,000
Total assets	-	7,735,000	-	7,735,000

Both land and buildings and assets held for sale are valued using level 2 inputs.

The company engages external, independent and qualified valuers to determine the fair value of the company's land and buildings at least every 3 years. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

There were no transfers between levels during the financial year.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Notes to the Financial Statements

For the year ended 30 June 2020

Note 8 Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

- 8.1: Reserves
- 8.2: Reconciliation of cash flows from operations activities
- 8.3: Related parties
- 8.4: Key management personnel compensation
- 8.5: Remuneration of the auditors
- 8.6: Events occurring after balance sheet date
- 8.7: Member's guarantee

	2020	2019
	\$	\$
Note 8.1: Reserves		
Revaluation surplus reserve	<u>451,468</u>	<u>747,959</u>

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Note 8.2: Reconciliation of cash flows from operations activities

Surplus for the year	1,007,858	2,412,823
Non-cash flows in surplus		
- Depreciation expense	597,039	261,415
- Impairment of held for sale assets	-	104,600
- Prior year work in progress expensed	800	
- Profit on disposal of property, plant and equipment	(7,978)	-
- Loss on disposal of property, plant and equipment	-	58,070
Changes in assets and liabilities		
- (Increase) in trade and other receivables	(209,544)	(131,064)
- Decrease/(increase) in other assets	19,932	(4,910)
- (Decrease)/increase in trade and other payables	(23,761)	135,605
- Increase in employee benefits liabilities	171,948	227,172
- (Decrease)/increase in other liabilities	(1,046,324)	173,451
- Increase in contract liabilities	2,406,386	-
Net cashflows from operating activities	<u>2,916,356</u>	<u>3,237,162</u>

Note 8.3: Related parties

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Key management personnel

Disclosures relating to key management personnel are set out in note 8.4.

Transactions with related parties

There were no material transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no material receivables from or payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 8 Other Disclosures (cont.)

Note 8.4: Key management personnel compensation

The company's related parties include its key management personnel who are members of the Operational Leadership Group.

Any persons having authority and responsibility for planning, directing and controlling the activities of MASP, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. The total of compensation for key management personnel is shown below.

	2020	2019
	\$	\$
Total key management personnel compensation	<u>882,701</u>	<u>862,203</u>
	2020	2019
Number of key management employees	7	7
	2020	2019
	\$	\$
Note 8.5: Remuneration of the auditors		
Audit of the financial statements	12,500	13,000
Other non-assurance services	5,250	-
	<u>17,750</u>	<u>13,000</u>

Note 8.6: Events occurring after balance sheet date

The impact of the Coronavirus (COVID-19) pandemic is still ongoing for MASP as at 30 June 2020. At the date of this report it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Note 8.7: Member's guarantee

MASP is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is not required to contribute a maximum of \$1 towards meeting any outstanding and obligations of the company. At 30 June 2020, the number of members was 30 (2019: 30).

MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

Directors' Declaration

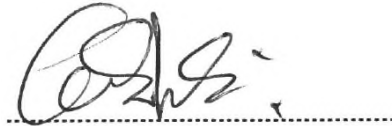
For the year ended 30 June 2020

In the directors' opinion:

1. The attached financial statements and notes comply with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and associated regulations, and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of Mallee Accommodation and Support Program Ltd's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
3. There are reasonable grounds to believe that Mallee Accommodation and Support Program Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

Gregory Schultz
Director

A handwritten signature in black ink, appearing to read 'G Schultz', is written over a horizontal dashed line.

Dated this 9th day of November 2020

INDEPENDENT AUDITOR'S REPORT
**To the Members of Mallee Accommodation and Support
Program Ltd**

RSM Australia Partners

12 Anderson Street West, Ballarat VIC 3350

PO Box 685 Ballarat VIC 3353

T +61(0) 3 5330 5800

F +61(0) 3 5330 5890

www.rsm.com.au

Opinion

We have audited the financial report of Mallee Accommodation and Support Program Ltd, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the financial report of Mallee Accommodation and Support Program Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its financial performance and cash flows for the year ended on that date; 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 Mallee Accommodation and Support Program Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Mallee Accommodation and Support Program Ltd's annual report for the year ended 30 June 2020, but does not include the financial report and the 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

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

In preparing the financial report, directors are responsible for assessing Mallee Accommodation and Support Program Ltd'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 intends to liquidate Mallee Accommodation and Support Program Ltd or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



JOHN FINDLAY

Partner

Ballarat, Victoria

Dated this 9th day of November 2020