

WOORAYL LODGE INC.

A0025521Y

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

NAPS: 3009

ABN: 29 396 030 183

WOORAYL LODGE INC.

A0025521Y

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 | 2021 |
|--|------|------------------|------------------|
| Revenue | 2 | 4,095,560 | 3,969,400 |
| Employee benefit expense | | (2,563,531) | (2,895,269) |
| Depreciation and amortisation expenses | 3 | (396,731) | (382,869) |
| Other expenses | | (1,435,754) | (1,246,880) |
| Finance costs | 3 | (8,521) | (23,812) |
| Operating surplus / (deficit) | | (308,977) | (579,430) |
| Other comprehensive income | | - | - |
| Total comprehensive income attributable to members of the association | | (308,977) | (579,430) |

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

| | NOTE | 2022 | 2021 |
|--------------------------------------|------|------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 1,238,208 | 560,759 |
| Trade and other receivables | 6 | 92,393 | 58,021 |
| Other current assets | 7 | 67,010 | 39,581 |
| Financial assets | 8 | 6,267,000 | 7,955,000 |
| TOTAL CURRENT ASSETS | | 7,664,611 | 8,613,361 |
| NON-CURRENT ASSETS | | | |
| Property, plant & equipment | 9 | 1,810,043 | 2,182,080 |
| Right-of-use asset | 15 | 1,750 | 3,063 |
| TOTAL NON-CURRENT ASSETS | | 1,811,793 | 2,185,143 |
| TOTAL ASSETS | | 9,476,404 | 10,798,504 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 332,955 | 282,125 |
| Refundable deposits | 11 | 5,484,675 | 6,519,115 |
| Employee benefits | 12 | 217,286 | 229,768 |
| Borrowings | 13 | - | 631 |
| Lease liability | 16 | 1,313 | 1,313 |
| TOTAL CURRENT LIABILITIES | | 6,036,229 | 7,032,952 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 12 | 69,708 | 84,795 |
| Borrowings | 13 | - | - |
| Lease liability | 16 | 437 | 1,750 |
| TOTAL NON-CURRENT LIABILITIES | | 70,145 | 86,545 |
| TOTAL LIABILITIES | | 6,106,374 | 7,119,497 |
| NET ASSETS | | 3,370,030 | 3,679,007 |
| EQUITY | | | |
| Retained earnings | | 3,679,007 | 4,258,437 |
| Current year surplus / (deficit) | | (308,977) | (579,430) |
| TOTAL EQUITY | | 3,370,030 | 3,679,007 |

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

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STATEMENT CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | Accumulated Surplus |
|---------------------------------|------------------------|
| Balance at 30 June 2020 | 4,258,437 |
| Deficit attributable to members | (579,430) |
| Balance at 30 June 2021 | 3,679,007 |
| Deficit attributable to members | (308,977) |
| Balance at 30 June 2022 | 3,370,030 |

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

| CASH FLOWS FROM OPERATING ACTIVITIES | NOTE | 2022 | 2021 |
|--|-----------|------------------|------------------|
| Operating receipts | | 3,990,370 | 4,052,812 |
| Payments to employees and suppliers | | (3,996,703) | (4,227,582) |
| Interest received | | 25,862 | 111,751 |
| Interest paid | | (8,521) | (23,812) |
| Net cash provided by / (used in) operating activities | 19 | 11,008 | (86,831) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant & equipment | | (24,694) | (62,007) |
| Net cash used in investing activities | | (24,694) | (62,007) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Additions to) / withdrawals from term deposits | | 1,688,000 | (350,000) |
| Hostel bonds received | | 1,890,754 | 2,323,006 |
| Hostel bonds refunded | | (2,886,988) | (1,970,941) |
| Loan repayments | | (631) | (7,569) |
| Net cash provided by / (used in) financing activities | | 691,135 | (5,504) |
| NET INCREASE / (DECREASE) IN CASH HELD | | 677,449 | (154,342) |
| CASH AT THE BEGINNING OF THE FINANCIAL YEAR | | 560,759 | 715,101 |
| CASH AT THE END OF THE FINANCIAL YEAR | 19 | 1,238,208 | 560,759 |

This statement should be read in conjunction with the accompanying notes.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Woorayl Lodge Inc. as an individual entity. Woorayl Lodge Inc. is an association incorporated in Victoria under the *Associations Incorporations Reform Act (Vic) 2012*.

The financial report was authorised for issue by the committee of management on 31 August 2022.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Standards of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Regulations 2013* ("ACNC Regulation"). The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

Accounting policies

- a. **Income tax**
No provision for income tax has been raised as the association is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.
- b. **Comparatives**
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.
- c. **Property, plant and equipment**
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis less depreciation and impairment losses. Land is not depreciated.

Plant and equipment

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

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Buildings | 2.5% - 14.8% |
| Plant & equipment | 5.0% - 35.3% |
| Motor Vehicles | 6.67% |

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

As a result of the previous decision of the Board to proceed with the planning for the Boags Road site, effective from 1 July 2018 the Board resolved to increase the depreciation rate for all assets that will eventually be demolished at the current site to be written off on a straight-line basis over a four-year period.

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

d. Impairment of assets

At each reporting date, the committee reviews the carrying values of its tangible and intangible assets (if any) 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 income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Leases

The association assesses at contract inception, whether the contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach are applied to all leases, except for short-term leases and leases of low-value assets. The association recognises liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease Liabilities

At the commencement date of the lease, the association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

(iii) Short term leases and leases of low value assets

The short-term lease recognition exemption is applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

f. Employee provisions

Short term employee benefits

Provision is made for the association's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period to which the employees render the related service, including wages and salaries. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The association's obligations for short term employee benefits are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for the association's annual leave and long service leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any re-measurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The association's obligations for long term employee benefits are presented as non-current provisions in the statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

g. 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. The association does not hold any overdraft facility.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- h. **Accounts payable**
Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.
- i. **Accounts receivable**
Accounts receivable and other debtors include amounts due to from residents and other parties for services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
Accounts receivable as initially recognised at fair value and subsequently measured at the estimate recoverable amount taking into account any provision for impairment.
- j. **Revenue**
Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Donations and sponsorships are recognised as revenue when received.
All revenue is stated net of the amount of goods and services tax (GST).
- k. **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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.
Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.
- l. **Critical accounting estimates and judgments**
The committee of management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.
Key Estimates — Impairment
The association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.
Key Judgments — Provision for doubtful debts
The committee of management believe that the full amount of all receivables is recoverable, and no doubtful debt provision has been made at 30 June 2022.
- m. **New, Revised or Amending Accounting Standard and Interpretations Adopted**
There has been no significant change in accounting policy during the financial year.
Any new, revised or amending Australian Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| NOTE 2: REVENUE | 2022 | 2021 |
|---------------------------------------|------------------|------------------|
| Operating activities | | |
| Rendering of services | 4,056,490 | 3,850,656 |
| Non-operating activities | | |
| Donations received | 13,360 | 18,896 |
| Interest income | 25,710 | 68,098 |
| Business Improvement Fund Grant | - | 31,750 |
| Total non-operating activities | 39,070 | 118,744 |
| TOTAL REVENUE | 4,095,560 | 3,969,400 |
| Interest from: | | |
| Other persons | 25,710 | 68,098 |

NOTE 3: SURPLUS FROM OPERATING ACTIVITIES

Operating surplus from ordinary activities has been determined after recording as an expense:

Significant expenses:

| | | |
|---|----------------|----------------|
| Borrowing costs: | | |
| Interest paid on refunded accommodation bonds | 8,521 | 23,812 |
| <i>Depreciation of non-current assets:</i> | | |
| Buildings | 236,528 | 241,936 |
| Plant & equipment | 159,746 | 140,481 |
| Motor Vehicles | 457 | 452 |
| Total depreciation | 396,731 | 382,869 |
| <i>Bad and doubtful debts:</i> | | |
| Trade receivables | - | - |
| <i>Remuneration of the auditor for:</i> | | |
| Auditing or reviewing the financial report | 7,000 | 7,000 |
| Other services | 480 | 470 |
| Remuneration for other services to related practices of the auditor | - | - |

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| | | |
|--|------------------|------------------|
| NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION | 2022 | 2021 |
| Short term benefits | 398,690 | 344,882 |
| Post-employment benefits | - | - |
| | 398,690 | 344,882 |
| NOTE 5: CASH AND CASH EQUIVALENTS | | |
| Petty cash | 850 | 850 |
| Bank accounts | 1,237,358 | 559,909 |
| | 1,238,208 | 560,759 |
| NOTE 6: TRADE AND OTHER RECEIVABLES | | |
| CURRENT | | |
| Residents | 41,426 | 11,417 |
| Funding receivable | 10,223 | - |
| GST refundable | 33,469 | 38,846 |
| Other trade receivables | 525 | 856 |
| Accrued interest income | 6,750 | 6,902 |
| | 92,393 | 58,021 |
| NOTE 7: OTHER CURRENT ASSETS | | |
| Prepayments | 67,010 | 39,581 |
| NOTE 8: FINANCIAL ASSETS | | |
| Term deposits | 6,267,000 | 7,955,000 |
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT | | |
| Freehold land at cost | 1,790,027 | 1,790,027 |
| Buildings at cost | 3,435,396 | 3,435,396 |
| Accumulated depreciation | (3,435,396) | (3,198,868) |
| Written down value | - | 236,528 |
| Equipment and fittings at cost | 715,006 | 690,312 |
| Accumulated depreciation | (694,990) | (535,214) |
| Written down value | 20,016 | 155,098 |
| Motor vehicles at cost | 25,854 | 25,854 |
| Accumulated depreciation | (25,854) | (25,427) |
| Written down value | - | 427 |
| Total property, plant and equipment at written down value | 1,810,043 | 2,182,080 |

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9: PROPERTY, PLANT & EQUIPMENT (continued)

Movements in Carrying Amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Freehold Land | Buildings | Equipment & Fittings | Motor Vehicles | Total |
|---|------------------|-----------|-------------------------|-------------------|------------------|
| Balance at start | 1,790,027 | 236,528 | 155,098 | 427 | 2,182,080 |
| Additions | - | - | 24,694 | - | 24,694 |
| Depreciation | - | (236,528) | (159,776) | (427) | (396,731) |
| Disposals – Net | - | - | - | - | - |
| Carrying amount at the end of the year | 1,790,027 | - | 20,016 | - | 1,810,043 |

NOTE 10: TRADE AND OTHER PAYABLES

2022

2021

CURRENT

Unsecured liabilities:

| | | |
|---|----------------|----------------|
| Unexpended funds (Business Improvement Grant) | 125,750 | 125,750 |
| Accrued payroll | 28,375 | 17,526 |
| Funding in advance | - | 1,657 |
| Trade payables | 145,902 | 85,824 |
| Fees received in advance | 10,854 | 20,096 |
| PAYG withheld | 22,074 | 31,272 |
| | 332,955 | 282,125 |

NOTE 11: REFUNDABLE DEPOSITS

| | Flat Bonds | Accommodation bonds | Total |
|--------------------------------|---------------|------------------------|------------------|
| Opening balance at 1 July 2021 | - | 6,519,115 | 6,519,115 |
| Received | - | 1,890,754 | 1,890,754 |
| Refunded | - | (2,886,988) | (2,886,988) |
| Retentions | - | - | - |
| Drawdowns | - | (38,206) | (38,206) |
| Balance at 30 June 2022 | - | 5,484,675 | 5,484,675 |

NOTE 12: EMPLOYEE BENEFITS

| | | |
|--------------|----------------|----------------|
| Current | 217,286 | 229,768 |
| Non-current | 69,708 | 84,795 |
| Total | 286,994 | 314,563 |

Number of employees at year end

55

50

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| | | |
|---|--------------|---------------------|
| NOTE 13: BORROWINGS | 2022 | 2021 |
| CURRENT | | |
| Equipment Loan | - | 631 |
| NON-CURRENT | | |
| Equipment Loan | - | - |
| TOTAL | - | 631 |
| | | |
| NOTE 14: FINANCE LEASE COMMITMENTS | | |
| Payable – minimum lease payments: | | |
| - Not later than 12 months | - | 631 |
| - Between 12 months and 5 years | - | - |
| Minimum lease payments | - | 631 |
| Less future finance charges | - | - |
| Present value of minimum lease payments | - | 631 |
| | | |
| NOTE 15: RIGHT OF USE ASSET | | |
| Copier lease | 1,750 | 3,063 |
| TOTAL RIGHT-OF-USE ASSET | 1,750 | 3,063 |
| | | |
| Movement in carrying amounts for each right-of-use asset between the beginning and the end of the current financial year: | | |
| | | Copier Lease |
| Balance at the beginning | | - |
| Initial recognition of new standard | | 3,063 |
| Expensed | | (1,313) |
| Balance at the end of the year | | 1,750 |
| | | |
| NOTE 16: LEASE LIABILITIES | | |
| Current | | |
| Copier lease | 1,313 | 1,313 |
| Non-current | | |
| Copier lease | 437 | 1,750 |
| TOTAL LEASE LIABILITIES | 1,750 | 3,063 |

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: CAPITAL COMMITMENTS

At the date of this report, the Board has approved minor capital works including relocating the administration office and staffroom to allow for 2 additional funded residential beds; however, this project has not yet been costed.

Woorayl Lodge received Business Improvement Funds in 2021, of which \$125,750 remains unexpended at 30 June 2022. These funds will be expended in the next 12 months including developing a website and online marketing campaign, replace ageing and inefficient kitchen equipment and undertaking training.

NOTE 18: INTANGIBLE AND CONTINGENT ASSETS

AASB 1004 and AASB 138 indicate that bed licenses should be ascribed a fair value. The expected future economic benefits accruing to the association arise from the use of the bed licenses together with the association's other income generating assets. Because there is a single income stream, any value ascribed to the bed licenses as an intangible asset must reduce the value of the assets in other classes. The bed licenses will generate an identifiable income stream directly if they are sold separately. Such a sale is contingent on the association ceasing operations as an aged care facility. The committee has therefore elected to treat bed licenses as a contingent asset. The association holds 40 bed licenses.

NOTE 19: CASH FLOW INFORMATION

| | 2022 | 2021 |
|---|------------------|-----------------|
| a) Reconciliation of cash for purposes of cash flows. | | |
| Cash on hand | 850 | 850 |
| Cash at bank | 1,237,358 | 559,909 |
| | 1,238,208 | 560,759 |
| b) Reconciliation of net cash provided by operating activities to operating surplus / (deficit): | | |
| Surplus / (deficit) from operations | (308,977) | (579,430) |
| <i>Non-cash flows in operating surplus / (Deficit)</i> | | |
| Depreciation | 396,731 | 382,869 |
| Drawdown from refundable deposits | (38,206) | (58,075) |
| <i>Changes in Assets & Liabilities</i> | | |
| (Increase) / decrease in Trade and other receivables | (36,029) | 223,897 |
| (Increase) / decrease in Other assets | (27,429) | (27,265) |
| Increase / (decrease) in Trade and other payables | 52,487 | (19,823) |
| Increase / (decrease) in employee benefits | (27,569) | (9,004) |
| NET CASH PROVIDED BY / USED IN) OPERATING ACTIVITIES | 11,008 | (86,831) |

c) The association has no credit standby or financing facilities in place.

d) There were no non-cash financing or investing activities during the year.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20: SEGMENT INFORMATION

BALANCE SHEET AS AT 30 JUNE 2022

| | Residential Aged Care Operations | | Independent Living Units / Rental Properties | | TOTAL | TOTAL |
|--------------------------------------|--|------------------|--|------------------|------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | 719,872 | 152,242 | 518,336 | 408,517 | 1,238,208 | 560,759 |
| Trade and other receivables | 92,393 | 58,021 | - | - | 92,393 | 58,021 |
| Other current assets | 67,010 | 39,581 | - | - | 67,010 | 39,581 |
| Financial assets | 5,706,341 | 7,394,341 | 560,659 | 560,659 | 6,267,000 | 7,955,000 |
| TOTAL CURRENT ASSETS | 6,585,616 | 7,644,185 | 1,078,995 | 969,176 | 7,664,611 | 8,613,361 |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment | 728,043 | 1,008,410 | 1,082,000 | 1,173,670 | 1,810,043 | 2,182,080 |
| Right of use asset | 1,750 | 3,063 | - | - | 1,750 | 3,063 |
| TOTAL NON-CURRENT ASSETS | 729,793 | 1,011,473 | 1,082,000 | 1,173,670 | 1,811,793 | 2,185,143 |
| TOTAL ASSETS | 7,315,409 | 8,655,658 | 2,160,995 | 2,142,846 | 9,476,404 | 10,798,504 |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | 332,955 | 282,125 | - | - | 332,955 | 282,125 |
| Refundable deposits | 5,484,675 | 6,519,115 | - | - | 5,484,675 | 6,519,115 |
| Employee benefits | 217,286 | 229,768 | - | - | 217,286 | 229,768 |
| Borrowings | - | 631 | - | - | - | 631 |
| Lease liability | 1,313 | 1,313 | - | - | 1,313 | 1,313 |
| TOTAL CURRENT LIABILITIES | 6,036,229 | 7,032,952 | - | - | 6,036,229 | 7,032,952 |
| NON-CURRENT LIABILITIES | | | | | | |
| Employee benefits | 69,708 | 84,795 | - | - | 69,708 | 84,795 |
| Borrowings | - | - | - | - | - | - |
| Lease liability | 437 | 1,750 | - | - | 437 | 1,750 |
| TOTAL NON-CURRENT LIABILITIES | 70,145 | 86,545 | - | - | 70,145 | 86,545 |
| TOTAL LIABILITIES | 6,106,374 | 7,119,497 | - | - | 6,105,436 | 7,119,497 |
| NET ASSETS | 1,209,035 | 1,536,161 | 2,160,995 | 2,142,846 | 3,370,030 | 3,679,007 |
| EQUITY | | | | | | |
| Opening balance retained earnings | 1,536,161 | 2,179,822 | 2,142,846 | 2,078,615 | 3,679,007 | 4,258,437 |
| Current year surplus/(deficit) | (327,126) | (643,661) | 18,149 | 64,231 | (308,977) | (579,430) |
| TOTAL EQUITY | 1,209,035 | 1,536,161 | 2,160,995 | 2,142,846 | 3,370,030 | 3,679,007 |

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20: SEGMENT INFORMATION (continued)

FINANCIAL PERFORMANCE

| RESIDENTIAL AGED CARE OPERATIONS | 2022 | 2021 |
|--|------------------|------------------|
| INCOME | | |
| Government subsidies | 2,679,862 | 2,471,826 |
| Resident charges | 1,015,782 | 989,328 |
| Bond retentions | - | - |
| Interest - Bank accounts | 25,710 | 68,098 |
| - Unpaid accommodation bonds | - | 730 |
| Donations | 13,360 | 18,896 |
| Grant – Workforce retention | 30,560 | 57,440 |
| Grant – Business Improvement Fund | - | 31,750 |
| Unit administration charge | 60,000 | 54,000 |
| Other | 14,363 | 20,742 |
| TOTAL INCOME | 3,839,637 | 3,712,810 |
| COSTS | | |
| Wages & superannuation - care | 2,126,454 | 2,460,928 |
| - admin | 334,428 | 303,098 |
| - other | 29,250 | 11,631 |
| Staff on-costs | 50,950 | 109,351 |
| Other employee expenses | 59,550 | 17,706 |
| Management fees | - | - |
| Interest expenses | 8,521 | 23,812 |
| Depreciation and amortisation | 305,061 | 287,578 |
| Insurance | 34,787 | 29,910 |
| Motor vehicle expenses | 2,863 | 1,872 |
| Rent | - | - |
| Administration | 127,242 | 93,197 |
| Business Improvement Fund expenses | - | 31,750 |
| Consultants | 102,494 | 259,366 |
| Dietary and contract catering | 497,683 | 210,630 |
| Resident's activities | 3,314 | 3,849 |
| Rates and charges | 17,353 | 13,718 |
| Other costs | 251,960 | 297,916 |
| Contract cleaning, laundry and chemicals | 80,271 | 54,884 |
| Building / repairs / maintenance | 76,556 | 95,633 |
| Utilities | 58,026 | 49,642 |
| TOTAL COSTS | 4,166,763 | 4,356,471 |
| HOSTEL OPERATING DEFICIT | (327,126) | (643,661) |

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20: SEGMENT INFORMATION (continued)

FINANCIAL PERFORMANCE

| INDEPENDENT LIVING UNITS / RENTAL PROPERTIES | 2022 | 2021 |
|--|------------------|------------------|
| INCOME | | |
| Residents' fees | 303,914 | 307,488 |
| Water and gas collections | 3,341 | 3,102 |
| Insurance proceeds | 8,668 | - |
| TOTAL INCOME | 315,923 | 310,590 |
| COSTS | | |
| Rates | 50,443 | 48,436 |
| Wages | 22,449 | 10,261 |
| Insurance | 5,220 | 3,592 |
| Maintenance | 67,160 | 34,202 |
| Depreciation | 91,670 | 95,291 |
| Unit administration charge | 60,000 | 54,000 |
| Other | 832 | 577 |
| TOTAL COSTS | 297,774 | 246,359 |
| UNITS / RENTAL PROPERTIES OPERATING SURPLUS | 18,149 | 64,231 |
| TOTAL DEFICIT FROM OPERATIONS | (308,977) | (579,430) |

NOTE 21: ECONOMIC DEPENDENCE

The association is substantially dependent on the receipt of continued funding from the Federal Government through the Department of Health and Ageing. Federal funding requires recipient organisations to meet various quality assurance standards as specified from time to time.

NOTE 22: RELATED PARTY TRANSACTIONS

Members of the committee of management act in an honorary capacity. No honorariums were paid. Members of the committee of management do not receive any benefit other than those available to any member of the association and are transacted on normal terms and conditions.

NOTE 23: CONTINGENT LIABILITY

Certain assets have been acquired with Specific Funding Grants and with Specified Donations. The funding agreements provide for the re-direction of certain assets by the Department of Health and Ageing on the termination of the funding agreements. Therefore, these assets may not realise their carrying value.

The association has been requested to provide information to the Department of Health and Ageing pursuant to the *Aged Care (Bond Security) Act 2006*. This arises from a default event declaration where an aged care facility in Victoria has been placed in liquidation with outstanding unpaid accommodation bond balances. The Department may impose a levy in respect of the refund obligations to recover any shortfall in funds paid out. The amount and timing of the imposition of any levy is unknown at the balance sheet date.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 24: CONTINGENCIES AND COMMITMENTS

During the 2021/22 financial year, the Board of Woorayl Lodge continued with its master planning of the Boags Road site.

In April 2021, applications were made to the Department of Health and Ageing for 77 residential bed licences and a grant of \$10m for the development of Boags Road and 3 additional beds for the McCartin Street site.

In July 2021 Woorayl Lodge was informed that it was not successful with its application for additional bed licences and the capital grant for the Boags Road project; however, 3 additional bed licences were received for the McCartin Street site.

Current plans for the Boags Road site are to create a multi-purpose facility to fully integrate acute care, aged care, home care and community health services.

This is proposed to include:

- Service plans based on assessments of location population needs as well as community consultations
- Support for volunteerism and various health promotional activities
- Plan to draw on multiple funding streams from government whilst presenting an integrated and continuous provision of care to clients
- An effective alliance or partnership models of integrated care, health and housing
- Agreement between Primary Health Networks, regional State health authorities and local government

At the date of this report planning has been undertaken with architectural drawings provided to the South Gippsland Shire Council on 15 June 2022 for planning assessment.

The Council will prepare a Development Control Plan (DCP) which provides detailed guidelines to assist the applicant in compliance with the Local Environmental Plan (LEP). The timeframe for planning approval will be dependent upon the Council.

The Board are continuing to pursue options for funding. As at the date of this report no financial commitments are in place.

NOTE 25: COVID-19 PANDEMIC

The COVID-19 pandemic continued to impact Woorayl Lodge during the 2021/22 financial year with the most significant being the impact on the workforce as a result of the increased demands on staff as a result of managing infection control for residents and staff.

In addition, there has also been reduced room occupancy due to infection concerns, which has directly impacted on income.

The likely financial impact of COVID-19 for the future has not yet been quantified by the Board. There is no anticipated date on when the COVID-19 pandemic will end. Woorayl Lodge will continue to be impacted by the factors outlined above.

WOORAYL LODGE INC.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, investments, accounts receivable and accounts payable.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Financial Risk Management Policies

The associations' treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The treasurer monitors the association's financial transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring financial risk exposures are held on a regular basis and minuted by the committee of management.

Financial Risk Exposures

(a) Interest Rate Risk

The association's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is not material.

(b) Credit Rate Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The association does not have any material credit risk exposure to any single debtor or group of debtors.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the association may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk by regularly reviewing available cash and future cash inflows and ensuring appropriate levels of cash are available to meet financial liabilities.

Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

NOTE 27: ASSOCIATION DETAILS

Woorayl Lodge Inc. was incorporated under the *Associations Incorporation Reform Act (Vic) 2012* on 9 July 1992.

The registered office and principal place of business of the association is:

Woorayl Lodge Inc.
73 McCartin Street
LEONGATHA VIC 3953

WOORAYL LODGE INC.

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STATEMENT BY MEMBERS OF THE COMMITTEE

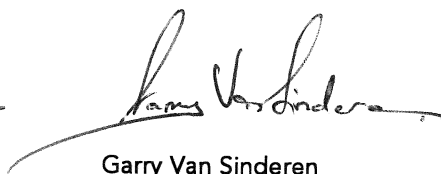
In the opinion of the committee of Woorayl Lodge Inc., the financial report as set out on pages 1 to 19:

- i) Presents a true and fair view of the financial position of Woorayl Lodge Inc. as at 30 June 2022 and its performance for the year ended on that date, in accordance with Australian Accounting Standards – Simplified Disclosure Standards of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.
- ii) At the date of this statement there are reasonable grounds to believe that Woorayl Lodge Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



Linda Fiddelaers
Chair



Garry Van Sinderen
Treasurer

31 August 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WOORAYL LODGE INC.**

Opinion

We have audited the financial report of Woorayl Lodge Inc., which comprises the Statement of Financial Position as at 30 June 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the Board.

In our opinion, the accompanying financial report of Woorayl Lodge Inc. has been prepared in accordance with the *Associations Incorporation Reform Act (Vic) 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the association's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards – Simplified Disclosure Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standard 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 responsibilities in accordance with the Code.

Responsibilities of the members of the Board for the financial report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosure Standards, the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control the members of the Board determine 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, the members of the Board are responsible for assessing the association's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless the members of the Board either intend to liquidate the association or to cease operation, or have no realistic alternative but to do so.

The members of the Board are responsible for overseeing the association's financial reporting process.

Auditor's responsibility 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 the users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism through the audit. The audit involves us:

- Identifying and assessing the risk of material misstatement of the financial report, whether due to fraud or error, designing and performing audit procedures responsive to those risks, obtaining 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.
- Obtaining 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 entity's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Board.
- Concluding on the appropriateness of Board'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 entity'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 audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report presents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other information

The members of the Board are responsible for the other information provided in the association's annual report for the year ended 30 June 2022 other than 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 there.

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 the fact. We have nothing to report in this regard.

CARDELL ASSURANCE & AUDIT



Lyndal J. McKenzie
Registered Company Auditor
3A Billson Street
WONTHAGGI VIC 3995

3 September 2022