MANNINGHAM CENTRE ASSOCIATION INC.

ABN 15 698 364 348
REG No. A 3444S
NAPS ID: 101

Financial Statements

For the Year Ended 30 June 2016

Manningham Centre Association Inc.
ABN 15 698 364 348

Contents
For the Year Ended 30 June 2016

Manningham Centre Association Inc.
ABN 15 698 364 348

Statement of Income and Expenditure and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Revenue	2	**18,565,955**	**18,086,685**
Employee Benefits Expense	3	**(13,456,341)**	(12,719,834)
Rent Expense	3	**(749,219)**	(625,254)
Catering Expense		**(569,203)**	(569,717)
Cleaning and Laundry Expense		**(510,164)**	(510,687)
Depreciation and Amortisation Expense	3	**(245,944)**	(446,346)
Administration Expense		**(431,898)**	(367,759)
Repairs and Maintenance Expense		**(589,495)**	(469,698)
Client Supplies and Service Expense		**(719,359)**	(565,690)
Energy and Utilities Expense		**(188,886)**	(187,890)
Fundraising Expense		**(17,237)**	(20,605)
Other Expenses		**(605,894)**	(990,944)
NET SURPLUS FOR THE YEAR		**482,315**	612,261
OTHER COMPREHENSIVE INCOME			
Derecognition of Lease Obligation	2	**231,175**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**713,490**	612,261

The accompanying notes form part of these financial statements

Manningham Centre Association Inc.
ABN 15 698 364 348

Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	**2,394,397**	2,573,285
Trade and Other Receivables	6	**1,008,085**	645,547
Financial Assets	7	**21,000,000**	21,247,082
Other Assets	8	**128,041**	90,422
TOTAL CURRENT ASSETS		**24,530,523**	24,556,336
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	**1,045,123**	991,156
TOTAL NON-CURRENT ASSETS		**1,045,123**	991,156
TOTAL ASSETS		**25,575,646**	25,547,492
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	**1,973,776**	2,146,497
Provisions	11	**2,172,525**	1,771,107
Bond Liabilities		**5,956,157**	8,180,352
RAD & RAC Liabilities		**6,192,157**	3,400,000
TOTAL CURRENT LIABILITIES		**16,294,615**	15,497,956
NON-CURRENT LIABILITIES			
Provisions	11	**558,030**	2,040,025
TOTAL NON-CURRENT LIABILITIES		**558,030**	2,040,025
TOTAL LIABILITIES		**16,852,645**	17,537,981
NET ASSETS		**8,723,001**	8,009,511
EQUITY			
Reserves	12	-	2,572,035
Retained earnings		**8,723.001**	5,437,476
TOTAL EQUITY		**8,723,001**	8,009,511

The accompanying notes form part of these financial statements

Manningham Centre Association Inc.
ABN 15 698 364 348

Statement of Changes in Equity
For the Year Ended 30 June 2016

2016

	Note	Reserves	Retained Earnings	Total
		$	**$**	**$**
Balance at 1 July 2015		**2,572,035**	**5,437,476**	**8,009,511**
Total comprehensive income for the year		-	**713,490**	**713,490**
Transfers (to)/from other reserves	12a	**(2,572,035)**	**2,572,035**	**-**
Balance at 30 June 2016		-	**8,723,001**	**8,723,001**

2015

	Reserves	Retained Earnings	Total
	$	$	$
Balance at 1 July 2014	2,572,035	4,825,215	7,397,250
Total comprehensive income for the year	-	612,261	612,261
Transfers (to)/from other reserves	-	-	-
Balance at 30 June 2015	2,572,035	5,437,476	8,009,511

The accompanying notes form part of these financial statements

Manningham Centre Association Inc.
ABN 15 698 364 348

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Government Grants		**12,767,657**	12,734,108
Receipts from Residents & Clients		**4,972,122**	4,513,735
Donations and fundraising received		**39,846**	27,767
Sundry receipts		**266,193**	213,892
Payments to suppliers and employees		**(19,676,263)**	(17,227,921)
Interest received		**805,656**	868,497
Net cash provided by (used in) operating activities	14	**(824,789)**	1,130,078
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash from sale of asset		**12,604**	200
Purchase of property, plant and equipment		**(299,911)**	(117,161)
Redemption (placement) of term deposits		**247,082**	(1,641,908)
Net cash provided by (used in) investing activities		**(40,225)**	(1,758,869)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings procured (repaid)		-	(11,989)
Bond receipts from residents		-	516,000
Bond refunds to residents		**(2,106,030)**	(3,539,131)
RAD/RAC receipts from new residents		**4,212,157**	3,570,000
RAD/RAC refunds to residents		**(1,420,000)**	(170,004)
Net cash provided by (used in) financing activities		**686,127**	364,876
Net increase (decrease) in cash held		**(178,888)**	(263,915)
Cash and cash equivalents at beginning of financial year		**2,573,285**	2,837,200
Cash and cash equivalents at end of financial year	5	**2,394,397**	2,573,285

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

The financial statements cover Manningham Centre Association Inc. as an individual entity. Manningham Centre Association Inc. is an association incorporated in Victoria under the Associations Incorporation Reform Act (VIC) 2012 and the Australian Charities and Not-for-profits Commission Act 2012.

Note 1 Summary of Significant Accounting Policies

Basis of preparation

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

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

The amounts presented in the financial statements have been rounded to the nearest dollar.

1a Income tax

The Association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

1b Comparative figures

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

1c Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and 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 recognised in the Statement of Income and Expenditure and Other Comprehensive Income. A formal assessment of recoverable amounts is made when impairment indicators are present (refer to Note 1f for details of impairment). 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 Statement of Income and Expenditure and Other Comprehensive Income during the financial period in which they are incurred.

Note 1 Summary of Significant Accounting Policies continued

1c Property, plant and equipment continued

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight line basis over the asset's useful life commencing from the time the asset is held ready for use. The Board of the Association resolved in 2011/12 year to depreciate the buildings and capital improvements on the leased land to the expiry of the Initial Term being 30 June 2015. This term was extended to 30 June 2016 whilst negotiations with Council took place. Leasehold improvements undertaken during this extension period were either applied directly against the Council reserve (in the case of pre-approved capital works) or fully expensed as incurred. A new lease with Council has been signed to be effective from 1 July 2016, due to expire 30 March 2032. Accordingly, from 1 July 2016 all leasehold improvements will be depreciated over the shorter of either the unexpired period of this new 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
Plant and Equipment	7.0 - 25.0%
Furniture and Fittings	5.0 - 25.0%
Motor Vehicles	15.0 - 16.7%
Office Equipment	6.7 - 33.0%
Leasehold improvements	2%

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 and losses are included in the Statement of Income and Expenditure and Other Comprehensive Income.

1d Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or ownership over the term of the lease.
Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Note 1 Summary of Significant Accounting Policies continued

1e Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

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

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

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

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Note 1 Summary of Significant Accounting Policies continued

1e Financial instruments continued

Impairment

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

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point. In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

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

1f Impairment of assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the Statement of Income and Expenditure and Other Comprehensive Income, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Note 1 Summary of Significant Accounting Policies continued

1g Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period in accordance with AASB119. 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 and have been reported with current liabilities. 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 the employee wage increases and the probability that the employee may not satisfy any 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.

1h Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

1i Revenue and other income

Grant revenue is recognised in the Statement of Income and Expenditure and Other Comprehensive Income when the Association obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the Association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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

Donations and bequests are recognised as revenue when received. If the donations are for a special purpose, they may be appropriated to a reserve.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

Note 1 Summary of Significant Accounting Policies continued

1j Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of 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.

1k Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Association during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1l Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

The lease with Council terminated at the end of June 2016, with a new lease taking effect from July 1, 2016. By agreement with Council, under the old lease, the Association provided each year a minimum of 0.6% of the estimated replacement cost of Doncaster Melaleuca Lodge, Cassia House, Doncaster Rehabilitation Services and Grevillea House for the purpose of future major structural alterations and works to improve buildings held on Council land. The provision was reduced as and when Council approved costs for capital works were incurred. To ensure that MCA maintained adequate funding to cover such capital works, moneys were held in a reserve account comprising of interest bearing term deposits which, at a minimum, covered the provision at all times. Interest earned on the reserve account was credited to the provision. From time to time, as these term deposits reached maturity, the reserve account was aligned to the provision and excess funds were transferred to MCA general funds. As per the new lease, this provision and associated reserve account are no longer required. The Deed of Termination for the lease that expired June 30, 2016, specifically provides in Clause 3(b)(ii) that MCA will be wholly entitled to any funds remaining in this reserve account. At the end of June 2016 there was $231,175 remaining in the provision account. This balance was transferred to Derecognition of Lease Obligation and is included in the Comprehensive Income for the year.

Note 1 Summary of Significant Accounting Policies continued

1m Critical accounting estimates and judgments

Key estimate- Impairment of non-financial assets

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that maybe indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Management does not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

1n Fair Value of Assets and Liabilities

The association measures some of its assets at fair value on a recurring basis. Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Note 2 Income

2a Revenue

	Note	2016 $	2015 $
Continuing Operations			
Residents' and Clients' Fees		**3,753,889**	3,569,727
Investment Income		**655,193**	866,626
Federal Government Grants		**11,317,854**	11,268,700
State Government Grants		**1,493,757**	1,372,902
Accommodation Charges		**878,469**	868,910
Donations and Subscriptions		**57,083**	48,372
Other Revenue		**409,710**	91,448
		18,565,955	18,086,685

2b Other Comprehensive Income

	Note	2016	2015
Derecognition of Lease Obligation	1l	**231,175**	-
		231,175	-

At the end of June 2016 there was $231,175 remaining in the Council Provision account. This balance was transferred to Derecognition of Lease Obligation and is included in the Comprehensive Income for the year.

Manningham Centre Association Inc.
ABN 15 698 364 348

Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 3 Surplus for the Year

The following expense items are relevant in explaining the financial performance.

3a Expenses

	2016 $	2015 $
Employee benefits expense		
Wages and salaries	**12,065,899**	11,424,077
Contributions to defined contribution superannuation funds	**1,020,438**	989,721
Workers' Compensation	**248,041**	210,570
Other Employee Benefits	**121,963**	95,465
	13,456,341	12,719,833
Rent expense		
Rental expense on operating leases	**749,219**	625,254
Depreciation and amortisation expense		
Leasehold improvements	**53,337**	277,848
Motor vehicles	**2,903**	16,899
Furniture and fittings	**37,304**	67,799
Office Equipment	**19,578**	4,447
Plant and Equipment	**124,695**	69,630
Computer Software	**8,054**	2,438
Computer Hardware	**73**	7,285
	245,944	446,346

Note 4 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Association is **$768,089** (2015: $ 795,899). Key Management Personnel in the financial year comprised the following:

Chief Executive	**Ross Dawson**
Manager Corporate Services	**Vanessa May**
Operations Manager - Community Services	**Maree Lucas**
Operations Manager - Residential Services	**Kate Karrasch**
Manager - Cassia House	**Pat Fernandez (to August 9, 2015)**
	Priya Salandy (from August 10, 2015)
Manager - Doncaster Melaleuca Lodge	**Shantel Innes**
Assistant Manager – Facilities	**Priya Salandy (to August 9, 2015)**
Home Care & Rehabilitation Manager	**Pauline Martin (to October 21, 2015)**

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 21: Related Party Transactions.

Remuneration of Directors

All directors hold honorary board positions and do not receive any compensation.

Note 5 Cash and Cash Equivalents

	Note	**2016**	2015
		$	$
Cash on hand		**3,115**	3,100
Cash at bank		**2,391,282**	2,570,185
	18	**2,394,397**	2,573,285

Reconciliation of cash
Cash at the end of the financial year in the Statement of Cash Flows is reconciled in the Statement of Financial Position as follows:

Cash and cash equivalents	18	**2,394,397**	2,573,185
		2,394,397	2,573,285

Note 6 Trade and Other Receivables

Current			
Trade receivables		**159,834**	25,347
Interest receivable		**308,991**	469,850
Other receivable		**539,260**	150,350
	18	**1,008,085**	645,547

Note 7 Financial Assets

	Note	2016 $	2015 $
CURRENT			
Term Deposits	7a, 18	**21,000,000**	21,247,082
		21,000,000	21,247,082

7a Term deposits

Term deposits for 2015 included $2,418,737 set aside for future building refurbishments in the Council refurbishment fund. As per the new lease agreement with Council this is no longer a requirement and therefore no amount is set aside for this purpose in the 2016 accounts.

Note 8 Other Assets

	2016	2015
CURRENT		
Prepayments	**128,041**	90,422
	128,041	90,422

Manningham Centre Association Inc.
ABN 15 698 364 348

Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 9 Property, Plant and Equipment

	2016	2015
	$	$
Leasehold improvement		
Respite cottage and Gazebo		
At cost	**426,894**	426,894
Accumulated depreciation	**(426,894)**	(426,892)
	-	2
Office building		
At cost	**511,934**	511,934
Accumulated depreciation	**(356,804)**	(307,448)
	155,130	204,486
Building capital improvement		
At cost	**1,973,300**	1,973,300
Accumulated depreciation	**(1,973,300)**	(1,969,321)
	-	3,979
Total leasehold improvements	**155,130**	208,467
Plant and equipment		
At cost	**1,242,728**	1,080,983
Accumulated depreciation	**(800,121)**	(722,048)
	442,607	358,935
Furniture, fixture and fittings		
At cost	**937,517**	891,292
Accumulated depreciation	**(608,166)**	(545,013)
	329,351	346,279
Motor Vehicles		
At cost	**144,832**	188,785
Accumulated depreciation	**(111,110)**	(152,699)
	33,722	36,086
Computer Software		
At cost	**82,856**	70,025
Accumulated depreciation	**(54,281)**	(46,177)
	28,575	23,848
Computer Hardware		
At cost	**161,455**	112,987
Accumulated depreciation	**(118,916)**	(107,029)
	42,539	5,958

Note 9 Property, Plant and Equipment Continued

	2016	2015
Office equipment	**$**	**$**
At cost	**44,162**	37,134
Accumulated depreciation	**(30,963)**	(25,551)
	13,199	11,583
Total property, plant and equipment	**1,045,123**	991,156

Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 9 Property, Plant and Equipment continued

9a 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.

	Respite cottage and Gazebo	Office Building	Building Capital Improvement	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Computer Software	Computer Hardware	Total
Balance at 30 June 2015	$	$	$	$	$	$	$	$	$	$
Balance at the beginning of year	2	204,486	3,979	358,935	346,279	36,086	11,583	23,848	5,958	991,156
Additions	-	-	-	161,745	53,086	16,753	7,028	12,831	48,468	299,911
Disposals - written down value	-	-	-	-	-	-	-	-	-	-
Depreciation expense	(2)	(49,356)	(3,979)	(78,073)	(70,014)	(19,117)	(5,412)	(8,104)	(11,887)	(245,944)
Revaluation decrease	-	-	-	-	-	-	-	-	-	-
recognised in equity	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2016	-	155,130	-	442,607	329,351	33,722	13,199	28,575	42,539	1,045,123

Note 10 Trade and Other Payables

	Note	**2016** $	2015 $
CURRENT			
Unsecured liabilities			
Trade payables		**1,097,239**	1,554,264
Fees in advance		**297,378**	314,272
Other payables		**579,159**	277,961
		1,973,776	2,146,497

10a Financial liabilities at amortised cost classified as trade and other payables

	Note	**2016** $	2015 $
Trade and other payables			
- total current		**1,973,776**	2,146,497
- total non-current		-	-
		1,973,776	2,146,497
Less:			
Residents' fees in advance		**(297,378)**	(314,272)
Net tax payables		-	-
Employee benefits payable		**(93,458)**	(608,885)
Financial liabilities as trade and other payables	18	**1,582,940**	1,223,340

Collateral pledged

No collateral has been pledged for any of the trade and other payable balances.

Note 11 Provisions

	2016	2015
	$	$
CURRENT		
Employee benefits - Annual leave	**1,101,961**	942,350
Employee benefits - Long service	**1,070,564**	828,757
	2,172,525	1,771,107

NON-CURRENT		
Employee benefits - Long service	**558,030**	472,753
Provision for building replacement	-	1,567,273
	558,030	2,040,026

11a Analysis of total provisions

Current	**2,172,525**	1,771,107
Non-current	**558,030**	2,040,026
	2,730,555	3,811,133

	Employee benefits	Provision for building replacement	Total
	$	**$**	**$**
Balance at 1 July 2015	**2,243,860**	**1,567,273**	**3,811,133**
Additional provisions	**1,125,161**	**196,603**	**1,321,764**
Utilised during the year	**(638,466)**	**(1,532,701)**	**(2,171,167)**
Provision cleared to Derecognition of Lease Obligation	-	**(231,175)**	**(231,175)**
Balance at 30 June 2016	**2,730,555**	-	**2,730,555**

Note 12 Reserves

12a Residential care reserve

Historically, the residential care reserve had been set aside for residential care projects. In October 2015 the Board of the Association approved a recommendation by the Finance and Audit Committee to consolidate reserves into Retained Earnings as it was considered no longer useful or relevant to maintain separate reserves for capital works.

Note 13 Capital and Leasing Commitments

13a Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2016	2015
	$	$
Payable - minimum lease payments:		
- not later than 12 months	**831,822**	633,230
- between 12 months and five years	**3,679,399**	1,881,744
- Greater than five years	**4,306,501**	-
	8,817,722	2,514,974

The lease commitments consist of a motor vehicle lease and property lease.

The car lease is a 48 month lease commenced from April 2013, with fixed rent instalments of $664.63 per month plus GST.

Manningham City Council and the Association signed a Sale of Business Agreement, Services Agreement, Lease and Sub-Lease Agreements relating to the property and services delivered at and from 371 and 383 Manningham Road, Doncaster. These Agreements commenced on 1st July 2012 and had an initial term of 3 years. Under the Sale of Business Agreement Manningham City Council transferred 150 residential aged care bed licenses and a $10.07 million accommodation bond balance to the Association. An extension was granted to the end of June 2016 whilst negotiations took place for the new lease. New Lease and Sub-Lease Agreements were subsequently signed to take effect from 1 July 2016 and are due to expire 30 March 2032. Both agreements set out a rental schedule covering the period 1 July 2016 to 30 June 2025, from which point the rent will be increased each year to the expiry date by the greater of 2.5% on prior year or the CPI. In addition, under the new Sub-Lease agreement for 371 Manningham Road, MCA is to pay additional rent representing the rent payable by Council for the Head Lease to the Department of Health and Human Services (DHHS). MCA has been provided by Council with an estimated schedule for this additional rent which is based on 2.0% of market value of the DHHS land and a yearly escalation factor of 2.5%. The land is due for revaluation on 1 April 2017 and each five years thereafter.

Initial Council Lease Schedule

Year	**383 M'Ham**	**Sub Lease 371 M'Ham**	**Head Lease 371 M'Ham**	**Total**
2017	360,715	309,825	153,971	824,511
2018	375,565	325,192	157,820	858,577
2019	390,932	341,133	161,766	893,831
2020	412,960	365,676	165,810	944.446
2021	429,564	383,025	169,956	982,545
2022	446,741	401,013	174,204	1,021,958
2023	464,507	419,661	178,559	1,062,727
2024	476,120	430,152	183,024	1,089,296
2025	494,956	449,965	187,599	1,132,520

Note 13 Capital and Leasing Commitments continued

13b Capital commitments

There were no capital commitments in existence as at 30 June, 2016.

Note 14 Cash Flow Information

14a Reconciliation of cash flow from operations with surplus for the year

	2016	2015
	$	$
Surplus for the year	**713,490**	612,261
Non-cash flows in surplus:		
- depreciation	**245,944**	446,346
- retention income	**(61,020)**	(92,368)
- net profit on disposal of property, plant and equipment	**(12,604)**	5,897
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	**(362,537)**	152,019
- (increase)/decrease in inventories	**-**	19,060
- (increase)/decrease in other assets	**(37,619)**	43,101
- increase/(decrease) in income in advance	**(70,419)**	117,873
- increase/(decrease) in trade and other payables	**(159,446)**	526,737
- increase/(decrease) in provisions	**486,695**	101,331
- increase/(decrease) in provision of Council refurbishment fund	**(1,567,273)**	(802,179)
	(824,789)	1,130,078

Note 15 Contingent Liabilities and Contingent Assets

The Association did not have any contingent liabilities or contingent assets as at 30 June 2016.

Note 16 Events after the end of the Reporting Period

During 2016 MCA embarked on a marketing project and, as part of that project, a proposal was made to change the name of the Association to something more representative of its core operations and values. There was also a requirement by Council, as part of the new Lease Agreements, that MCA remove the word Manningham from the name to avoid confusion with Council. At a Special General Meeting of the Association held on 8 June 2016, a motion was carried unanimously to change the name of the Association to MannaCare Incorporated. This name change was subsequently registered with Consumer Affairs Victoria and certified on 20 July 2016. An official launch of the new name was undertaken on 22 August 2016. No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

Note 17 Economic Dependency

A significant portion of income is received by way of recurrent grants from the Commonwealth Government and State Government.

Note 18 Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable, term deposits, and accounts payable and interest-bearing liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	**2016** **$**	2015 $
Financial Assets			
Cash and cash equivalents	5	**2,394,397**	2,573,285
Trade and other receivables	6	**1,008,084**	645,547
Held-to-maturity financial assets			
- term deposits	7	**21,000,000**	21,247,082
Total financial assets		**24,402,481**	24,465,914
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	**1,582,940**	1,223,340
Borrowings - current		-	-
Borrowings - non-current		-	-
Total financial liabilities		**1,582,940**	1,223,340

Net Fair Value

Cash and cash equivalents, trade and other receivables, trade and other payables and borrowings are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to annual leave which is not considered a financial instrument.

Fair values of held-to-maturity investments generally reprice to a market interest rate every 6 months.

Note 19 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

19a Manningham City Council

Transactions with Manningham City Council during the year ended 30 June 2016 comprised of the following:

	Note	**2016** **$**	2015 $
Payments to Council			
Lease payments to Council		**749,219**	625,254
Provision			
Provision for Council agreement		**-**	1,567,273

Lease payments to Council totalled $626,443 plus an additional amount of $122,776, representing a back payment for the DHHS Head Lease to 30 June 2016 as specified under the new Sub-Lease for 371 Manningham Road Doncaster. This was paid in June 2016 and expensed in the 2016 accounts accordingly.

Note 20 Fair value measurements

The Association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Recurring fair value measurements

	Note	2016	2015
Financial assets			
Financial assets held to maturity			
– Term deposits (including interest receivable)	7	**21,000,000**	21,247,082
Total financial assets recognised at fair value		**21,000,000**	21,247,082

Term deposits are held at the closing value of the deposit at 30 June 2016.

Manningham Centre Association Inc.
ABN 15 698 364 348

Notes to the Financial Statements
For the Year Ended 30 June 2016

Note 21 Operating Segments – Residential Aged Care Operations

MCA operates both residential aged care services and community aged care services. Segment information for residential aged care operations is provided. All revenue and expense items are derived directly from the internal accounts, which are structured by service area, except for: interest income which includes reasonably based estimate for interest earned on pooled cash and term deposits; and allocation of corporate costs which is based on a percentage of equivalent full-time employees. Balance Sheet items are also derived from accounts and include a mixture of items directly identifiable (at transactional level) with each service (e.g. receivables, payables, provisions, bond liabilities, some financial assets, fixed assets) and reasonable estimates for pooled items not easily dissected such as cash, some financial assets and other assets.

INCOME STATEMENT

Revenue	2016	2015	Expenses	2016	2015
Residents' & Clients' Fees	3,045,243	2,953,964	Employee benefits	10,069,754	9,728,057
Investment Income	607,972	729,862	Depreciation	107,995	270,159
Federal Government Grants	9,731,087	9,756,311	Administration	136,363	112,887
Accommodation Charges	781,299	731,138	Catering expense	548,825	543,722
Donations & Subscriptions	15,650	3,608	Cleaning and laundry	481,233	486,582
Other Revenue	282,804	141,693	Client supplies & services	240,709	241,517
			Electricity, gas & water	134,728	136,250
			Repairs & maintenance	664,754	415,250
			Rent	626,443	625,254
			Other expenses	203,738	457,282
			Head Office Charge	745,899	502,007
Total Revenue	**14,464,054**	**14,316,576**	**Total Expenses**	**13,960,439**	**13,518,967**
OPERATING SURPLUS/(DEFICIT)	**503,616**	**797,609**			

BALANCE SHEET

ASSETS	2016	2015	LIABILITIES		
CURRENT ASSETS			**CURRENT LIABILITIES**		
Cash & cash equivalent	2,154,958	2,315,956	Trade and other payables	923,480	1,424,233
Financial Assets	15,340,000	20,297,374	Provisions	1,622,463	1,382,224
Trade and other receivables	795,989	514,628	Bond liabilities	12,148,314	11,580,352
Other Assets	64,450	50,918			
Stock on Hand		-			
TOTAL CURRENT ASSETS	**18,355,397**	**23,178,876**	**TOTAL CURRENT LIABILITIES**	**14,694,257**	**14,386,808**
NON-CURRENT ASSETS			**NON-CURRENT LIABILITIES**		
Property, Plant & Equipment	788,792	682,633	Provisions	300,853	1,849,462
TOTAL NON-CURRENT ASSETS	**788,792**	**682,633**	**TOTAL NON-CURRENT LIABILITIES**	**300,853**	**1,849,462**
TOTAL ASSETS	**19,144,189**	**23,861,509**	**TOTAL LIABILITIES**	**14,995,110**	**16,236,270**
NET ASSETS	**4,149,079**	**7,625,239**			

Note 22 Association Details

The registered office of the Association is:
371 Manningham Road
Doncaster, Victoria 3108

Manningham Centre Association Inc.
ABN 15 698 364 348

True and Fair Certification by Members of the Board

In accordance with a resolution of the Board of Manningham Centre Association Inc, the members of the Board declare that the financial statements as set out on pages 1 to 29:

- Present a true and fair view of the financial position of Manningham Centre Association Inc as at 30 June 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the requirements of the Associations Incorporation Reform Act 2012; and

- At the date of this statement, there are reasonable grounds to believe that Manningham Centre Association Inc will be able to pay its debts as and when they fall due; and

- The financial statements and notes are in accordance with the Associations Incorporation Reform Act (VIC) 2012 and the Australian Charities and Not-for-profit Commission Regulations 2013.

This statement is signed for and on behalf of the members of the Board by:

Chairman ....
David E. Meiklejohn

Treasurer..
Sheena Kay

Dated 19 October 2016

SAWARD / DAWSON
chartered accountants
www.sawarddawson.com.au

Manningham Centre Association Inc.

ABN 15 698 364 348

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

(i) no contraventions of the auditor independence requirements as set out in Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson Chartered Accountants

Tim Flowers
Partner

Blackburn VIC

Dated: 19 October 2016

Manningham Centre Association Inc.

ABN 15 698 364 348

Independent Audit Report to the members of Manningham Centre Association Inc.

Report on the Financial Report

We have audited the accompanying financial report of Manningham Centre Association Inc. (the association) which comprises the statement of financial position as at 30 June 2016, the statement of income and expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the True and Fair Certification by Members of the Board.

The Board's Responsibility for the Financial Report

The Board of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations), the *Associations Incorporation Reform Act 2012 (Vic)*, the *Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commission Regulation 2013* and for such internal control as 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

SAWARD / DAWSON
chartered accountants
www.sawarddawson.com.au

Manningham Centre Association Inc.

ABN 15 698 364 348

Independent Audit Report to the members of Manningham Centre Association Inc.

Auditor's Opinion

In our opinion, the financial report of Manningham Centre Association Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the financial position of Manningham Centre Association Inc. as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012 (VIC)* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Saward Dawson

Saward Dawson Chartered Accountants

Tim Flowers
Partner

Blackburn VIC

Dated: 19 October 2016

20 Albert Street / PO Box 256
Blackburn Victoria 3130
T: +61 3 9894 2500
F: +61 3 9894 1622
contact@sawarddawson.com.au