

MANNACARE INC.

ABN 15 698 364 348

REG No. A 3444S

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Financial Statements
For the Year Ended 30 June 2018

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For the Year Ended 30 June 2018

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MannaCare Inc.
ABN 15 698 364 348

Statement of Income and Expenditure and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	2	17,893,335	18,541,299
Employee Benefits Expense	3	(13,969,055)	(13,608,252)
Rent Expense	3	(886,757)	(832,290)
Catering Expense		(580,707)	(562,557)
Cleaning and Laundry Expense		(535,384)	(530,177)
Depreciation and Amortisation Expense	3	(345,239)	(248,389)
Interest Paid		(47,567)	(60,202)
Administration Expense		(341,705)	(398,088)
Repairs and Maintenance Expense		(360,060)	(479,475)
Client Supplies and Service Expense		(709,235)	(661,401)
Energy and Utilities Expense		(248,664)	(198,751)
Fundraising Expense		(1,576)	(9,541)
Other Expenses		(73,338)	(221,286)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(205,951)	730,891
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(205,951)	730,891

The accompanying notes form part of these financial statements

**Statement of Financial Position
 As at 30 June 2018**

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	3,545,240	4,753,514
Trade and Other Receivables	6	1,487,001	1,533,416
Financial Assets	7	20,699,995	19,199,995
Other Assets	8	135,329	119,748
TOTAL CURRENT ASSETS		25,867,565	25,606,673
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	2,353,193	1,622,762
Capital Works in Progress		2,820,110	220,747
TOTAL NON-CURRENT ASSETS		5,173,303	1,843,509
TOTAL ASSETS		31,040,868	27,450,182
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	3,807,974	2,144,516
Provisions	11	2,388,586	2,210,661
Bond Liabilities		3,074,521	3,744,808
RAD & RAC Liabilities		12,069,472	9,290,594
TOTAL CURRENT LIABILITIES		21,340,553	17,390,579
NON-CURRENT LIABILITIES			
Provisions	11	452,374	605,711
TOTAL NON-CURRENT LIABILITIES		452,374	605,711
TOTAL LIABILITIES		21,792,927	17,996,290
NET ASSETS		9,247,941	9,453,892
EQUITY			
Retained earnings		9,247,941	9,453,892
TOTAL EQUITY		9,247,941	9,453,892

The accompanying notes form part of these financial statements

MannaCare Inc.
ABN 15 698 364 348

**Statement of Changes in Equity
For the Year Ended 30 June 2018**

2018

	Note	Retained Earnings
		\$
Balance at 1 July 2017		<u>9,453,892</u>
Total comprehensive income for the year		<u>(205,951)</u>
Balance at 30 June 2018		<u><u>9,247,941</u></u>

2017

	Retained Earnings
	\$
Balance at 1 July 2016	<u>8,723,001</u>
Total comprehensive income for the year	<u>730,891</u>
Balance at 30 June 2017	<u><u>9,453,892</u></u>

The accompanying notes form part of these financial statements

**Statement of Cash Flows
 For the Year Ended 30 June 2018**

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Government Grants		12,331,958	12,336,367
Receipts from Residents & Clients		5,109,747	5,301,848
Donations and fundraising received		63	37,193
Sundry receipts		244,588	219,145
Payments to suppliers and employees		(17,777,261)	(17,815,999)
Interest received		490,635	575,905
Net cash provided by (used in) operating activities	13	399,730	654,459
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash from sale of asset		37,116	2,132
Purchase of property, plant and equipment		(2,293,693)	(1,047,649)
Redemption (placement) of term deposits		(1,500,000)	1,800,005
Net cash provided by (used in) investing activities		(3,756,577)	754,488
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings procured (repaid)		-	-
Bond refunds to residents		(630,305)	(2,148,268)
RAD/RAC receipts from new residents		5,027,878	5,890,437
RAD/RAC refunds to residents		(2,249,000)	(2,792,000)
Net cash provided by (used in) financing activities		2,148,573	950,169
Net increase (decrease) in cash held		(1,208,274)	2,359,117
Cash and cash equivalents at beginning of financial year		4,753,514	2,394,397
Cash and cash equivalents at end of financial year	5	3,545,240	4,753,514

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

Notes to the Financial Statements
For the Year Ended 30 June 2018

The financial statements cover MannaCare Inc. as an individual entity. MannaCare 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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

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. Leasehold improvements are depreciated either over the asset's useful life or for the remainder of the lease, whichever is the shorter.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	6.7 - 25.0%
Furniture and Fittings	6.7 - 25.0%
Motor Vehicles	8.3 - 33.3%
Office Equipment	10.0 - 25.0%
IT Hardware	6.7 - 25.0%
IT Software	20.0 - 25.0%
Leasehold Improvements	7.1 - 10.0%

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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

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 transaction 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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

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).

Notes to the Financial Statements
For the Year Ended 30 June 2018

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.

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 may be 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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 1 Summary of Significant Accounting Policies continued

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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 2 Revenue

	Note	2018 \$	2017 \$
Continuing Operations			
Residents' and Clients' Fees		4,310,073	4,032,414
Investment Income		574,743	633,392
Federal Government Grants		11,965,023	12,425,616
State Government Grants		17,890	125,689
Accommodation Charges		888,600	995,653
Donations and Subscriptions		1,639	46,733
Other Revenue		135,367	281,801
		17,893,335	18,541,299

Note 3 Surplus/(Deficit) for the Year

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

3a Expenses

Employee benefits expense

Wages and salaries	12,384,186	12,161,243
Contributions to defined contribution superannuation funds	1,026,283	1,007,684
Workers' Compensation	441,757	338,724
Other Employee Benefits	116,829	100,601
	13,969,055	13,608,252

Rent expense

Rental expense on operating leases	886,757	832,290
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Depreciation and amortisation expense

Leasehold improvements	104,243	49,356
Motor vehicles	25,832	28,872
Furniture and fittings	76,849	63,521
Office Equipment	3,154	4,895
Plant and Equipment	88,984	81,553
Computer Software	31,793	8,708
Computer Hardware	14,384	11,484
	345,239	248,389

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 4 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Association is **\$677,723** (2017: \$ 786,406). Key Management Personnel in the financial year comprised the following:

Chief Executive	Ross Dawson
General Manager - Corporate Services	Vanessa May
General Manager - Operations	Sherry-Ann Bailey
Facility Manager – Cassia House	Priya Salandy
Facility Manager – Doncaster Melaleuca Lodge	Shantel Innes

Remuneration of Directors

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

Note 5 Cash and Cash Equivalents

	Note	2018 \$	2017 \$
Cash on hand		2,765	3,215
Cash at bank		3,542,475	4,750,299
	17	<u>3,545,240</u>	<u>4,753,514</u>

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	17	<u>3,545,240</u>	4,753,514
		<u>3,545,240</u>	<u>4,753,514</u>

Note 6 Trade and Other Receivables

Current

Trade receivables		469,907	625,697
Provision for doubtful debts		0	(6,633)
Interest receivable		342,818	306,277
Other receivable		674,276	608,075
	17	<u>1,487,001</u>	<u>1,533,416</u>

MannaCare Inc.
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Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 7 Financial Assets

	Note	2018 \$	2017 \$
CURRENT			
Term Deposits	17	20,699,995	19,199,995
		<u>20,699,995</u>	<u>19,199,995</u>

Note 8 Other Assets

CURRENT			
Prepayments		135,329	119,748
		<u>135,329</u>	<u>119,748</u>

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 9 Property, Plant and Equipment

	2018	2017
	\$	\$
Leasehold improvement		
Respite cottage and Gazebo		
At cost	426,894	426,894
Accumulated depreciation	(426,894)	(426,894)
	-	-
Office building		
At cost	511,934	511,934
Accumulated depreciation	(455,516)	(406,160)
	56,418	105,774
Building capital improvement		
At cost	2,937,800	2,371,097
Accumulated depreciation	(2,028,187)	(1,973,300)
	909,613	397,797
Total leasehold improvements	966,031	503,571
Plant and equipment		
At cost	1,414,604	1,340,765
Accumulated depreciation	(963,707)	(874,724)
	450,897	466,041
Furniture, fixture and fittings		
At cost	1,178,455	1,035,349
Accumulated depreciation	(748,559)	(671,710)
	429,896	363,639
Office Equipment		
At cost	51,067	44,162
Accumulated depreciation	(39,012)	(35,858)
	12,055	8,304
Motor Vehicles		
At cost	236,458	255,116
Accumulated depreciation	(102,919)	(111,041)
	133,539	144,075
Computer Software		
At cost	407,399	161,282
Accumulated depreciation	(94,814)	(63,021)
	312,585	98,261

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Note 9 Property, Plant and Equipment Continued

	2018	2017
Computer Hardware	\$	\$
At cost	180,637	156,934
Accumulated depreciation	(132,447)	(118,063)
	48,190	38,871
	<hr/>	<hr/>
Total property, plant and equipment	2,353,193	1,622,762
	<hr/>	<hr/>

Notes to the Financial Statements
For the Year Ended 30 June 2018

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 2017	-	105,774	397,797	466,041	363,639	144,075	8,304	98,261	38,871	1,622,762
Additions	-	-	566,703	73,840	143,106	32,480	6,905	246,117	23,703	1,092,854
Disposals - written down value	-	-	-	-	-	(17,184)	-	-	-	(17,184)
Depreciation expense	-	(49,356)	(54,887)	(88,984)	(76,849)	(25,832)	(3,154)	(31,793)	(14,384)	(345,239)
Balance at 30 June 2018	-	56,418	909,613	450,897	429,896	133,539	12,055	312,585	48,190	2,353,193

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 10 Trade and Other Payables

	Note	2018 \$	2017 \$
CURRENT			
Unsecured liabilities			
Trade payables		2,352,979	879,895
Fees in advance		328,900	337,791
Other payables		1,126,095	926,830
		<u>3,807,974</u>	<u>2,144,516</u>

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

Trade and other payables			
- total current		3,807,974	2,144,516
- total non-current		-	-
		<u>3,807,974</u>	<u>2,144,516</u>
Less:			
Residents' fees in advance		(328,900)	(337,791)
Net tax payables		-	-
Employee benefits payable		(86,644)	(89,064)
Financial liabilities as trade and other payables	17	<u>3,392,430</u>	<u>1,717,661</u>

Collateral pledged

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

Note 11 Provisions

CURRENT			
Employee benefits - Annual leave		1,200,931	1,123,731
Employee benefits - Long service leave		1,187,655	1,086,930
		<u>2,388,586</u>	<u>2,210,661</u>
NON-CURRENT			
Employee benefits - Long service leave		452,374	605,711
		<u>452,374</u>	<u>605,711</u>

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 12 Capital and Leasing Commitments

12a Operating lease commitments

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

	2018 \$	2017 \$
Payable - minimum lease payments:		
- not later than 12 months	922,105	886,682
- between 12 months and five years	4,126,044	3,952,680
- Greater than five years	2,279,623	3,363,588
	<u>7,327,772</u>	<u>8,202,951</u>

The lease commitments consist of property leases.

New Lease and Sub-Lease Agreements with Manningham City Council took effect from 1 July 2016 and are due to expire 30 March 2032, at which point the parties will meet to discuss the possibility of an extension. 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, MannaCare is to pay additional rent representing the rent payable by Council for the Head Lease to the Department of Health and Human Services (DHHS). MannaCare was 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%. As per the agreement, the land underwent revaluation on 1 April 2017 and was increased to \$185,000 per annum, representing an increase of 20.13%. The next revaluation is due on 1 April 2022.

12b Capital commitments

Major capital works involving a range of upgrading works to Cassia House were commenced during the 2018 year. As at the end of June 2018, approximately \$6,622,068 of the work remains to be completed. This work is expected to be fully completed and paid for within the next twelve months.

	Estimated Total Cost	Paid to Date	Due Within 12 Months
Head Contract Works	7,369,808	2,073,553	5,296,255
Separate Contracts	1,047,050	774,759	272,291
Consultants Fees	845,000	634,699	210,301
Project Management	310,000	144,921	165,079
Project Contingency	678,142	-	678,142
	<u>10,250,000</u>	<u>3,627,932</u>	<u>6,622,068</u>

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 13 Cash Flow Information

13a Reconciliation of cash flow from operations with result for the year

	2018	2017
	\$	\$
Surplus/(Deficit) for the year	(205,951)	730,891
Non-cash flows in result:		
- depreciation	345,239	248,389
- retention income	(19,991)	(37,065)
- net profit on disposal of property, plant and equipment	(19,932)	(2,625)
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	46,415	(525,331)
- (increase)/decrease in other assets	(15,581)	8,293
- increase/(decrease) in income in advance	129,879	(23,589)
- increase/(decrease) in trade and other payables	115,064	169,679
- increase/(decrease) in provisions	24,588	85,817
	399,730	654,459

Note 14 Contingent Liabilities and Contingent Assets

The Association did not have any contingent liabilities or contingent assets as at 30 June 2018.

Note 15 Events after the end of the Reporting Period

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 16 Economic Dependency

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

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 17 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	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	5	3,545,240	4,753,514
Trade and other receivables	6	1,487,001	1,533,416
Held-to-maturity financial assets			
- term deposits	7	20,699,995	19,199,995
Total financial assets		25,732,236	25,486,925
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	3,392,430	1,717,661
Borrowings - current		-	-
Borrowings - non-current		-	-
Total financial liabilities		3,392,430	1,717,661

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.

MannaCare Inc.
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Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 18 Related Party Transactions

There were no transactions between related parties during the course of the year ended 30 June 2018.

Note 19 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

Financial assets

Financial assets held to maturity

– Term deposits	7	20,699,995	19,199,995
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Total financial assets recognised at fair value

20,699,995	19,199,995
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Term deposits are held at the closing value of the deposit at 30 June 2018.

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 20 Operating Segments – Residential Aged Care Operations

MannaCare operates both residential aged care services and community aged care services. Segment information for residential aged care operations is provided in accordance with the Aged Care Financial Reporting guidelines. 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, the basis of which is informed by percentage of equivalent full-time employees, revenues, and resource requirements. 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.

20a Statement of Income and Expenditure

STATEMENT OF INCOME & EXPENDITURE					
<u>Revenue</u>	2018	2017	<u>Expenses</u>	2018	2017
Residential Care Income			Residential Care Expenses		
Subsidies & Supplements (C'Wealth)	8,272,276	8,587,974	Labour Costs	7,470,092	7,744,182
Resident Basic Daily Fee	2,480,822	2,445,879	Other Care Expenses	582,585	532,616
Resident Means Tested Care Fee	464,963	564,175	Total Residential Care Expenses	8,052,677	8,276,798
Total Residential Care Income	11,218,061	11,598,028			
Accommodation Income			Accommodation Expenses		
Subsidies & Supplements (C'Wealth)	113,897	511,388	Labour Costs	93,941	74,488
Resident Fees	1,084,948	958,588	Repairs, Maint. & Replacements	325,923	475,252
Bond retention amounts	19,991	37,065	Rent for Buildings	886,757	832,290
Total Accommodation Income	1,218,836	1,507,041	Other Accommodation Expenses	222,068	180,507
			Total Accommodation Expenses	1,528,689	1,562,537
Finance Income			Hospitality Expenses		
Interest Income	373,267	594,419	Labour Costs	938,366	945,581
Total Finance Income	373,267	594,419	Contracted Services - External	381,974	291,963
			Other Hotel Services Expenses	659,957	744,937
Other Income			Total Hospitality Expenses	1,980,297	1,982,481
Donations & Fundraising	1,220	3,285	Administration Expenses		
Gain on Sale of Assets	-	-	Labour Costs	865,657	766,174
Other Income	50	88,721	Other Administration Expenses	93,134	122,232
Total Other Income	1,270	92,006	Total Administration Expenses	958,791	888,406
			Capital & Financing Expenses		
			Depreciation	183,928	112,369
			Interest Expenses	47,567	60,202
			Total Capital & Financing	231,495	172,571
			Other Expenses		
			Other Expenses	58,402	65,302
			Loss on Sale of Assets	-	-
			Corporate Overhead	622,446	574,959
			Total Other Expenses	680,848	640,261
Total Income	12,811,434	13,791,494	Total Expenditure	13,432,797	13,523,054
NET SURPLUS/(DEFICIT)	(621,363)	268,440			

Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 20 Operating Segments – Residential Aged Care Operations continued

20b Statement of Financial Position

STATEMENT OF FINANCIAL POSITION					
ASSETS	2018	2017	LIABILITIES	2018	2017
CURRENT ASSETS			CURRENT LIABILITIES		
Cash & cash equivalent	17,710,675	17,827,225	Trade and other payables	2,379,179	862,483
Trade and other receivables	1,234,764	1,342,955	Employee Benefits/Provisions	1,799,709	1,644,917
Prepayments	83,714	67,093	RADs/Bonds Due & Payable	1,110,683	813,985
TOTAL CURRENT ASSETS	19,029,153	19,237,273	RADs/Bonds Payable < 12 Months (est.)	3,129,376	5,139,825
			RADs/Bonds Payable > 12 Months (est.)	10,903,934	7,081,593
NON-CURRENT ASSETS			Other Current Liabilities	-	4,870
Property, Plant & Equipment	4,432,266	1,164,030	TOTAL CURRENT LIABILITIES	19,322,881	15,547,672
TOTAL NON-CURRENT ASSETS	4,432,266	1,164,030	NON-CURRENT LIABILITIES		
			Employee Benefits/Provisions	342,382	436,112
TOTAL ASSETS	23,461,419	20,401,303	TOTAL NON-CURRENT LIABILITIES	342,382	436,112
			TOTAL LIABILITIES	19,665,263	15,983,784
			EQUITY		
			Retained Earnings - Opening	4,417,519	4,149,079
NET ASSETS	3,796,156	4,417,519	Current Year Surplus /(Deficit)	(621,363)	268,440
			RETAINED EARNINGS - CLOSING	3,796,156	4,417,519

MannaCare Inc.
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Note 21 Association Details

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

True and Fair Certification by Members of the Board

In accordance with a resolution of the Board of MannaCare Inc, the members of the Board declare that the financial statements as set out on pages 1 to 27:

- Present a true and fair view of the financial position of MannaCare Inc as at 30 June 2018 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 MannaCare 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, the Australian Charities and Not-for-profits Commission Act 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

MannaCare Inc.
ABN 15 698 364 348

Auditor's Independence Declaration

For the Year Ended 30 June 2018

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

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

Saward Dawson Chartered Accountants

Peter Shields

Partner

Dated:

Independent Audit Report to the members of MannaCare Inc

Report on the Financial Report

We have audited the accompanying financial report of MannaCare Inc (the Association), which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Income and Expenditure and Other Comprehensive Income, Statement of Change 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 statement by 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 and the Associations Incorporation Reform Act (VIC) 2012, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

MannaCare Inc.
ABN 15 698 364 348

Independent Audit Report to the members of MannaCare Inc

Auditor's Opinion

In our opinion, the financial report of MannaCare Inc is in accordance with the Associations Incorporation Reform Act (VIC) 2012, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its performance of the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements.

Saward Dawson Chartered Accountants

Peter Shields
Partner
Blackburn VIC
Dated: