alkira

2022

FINANCIAL REPORT

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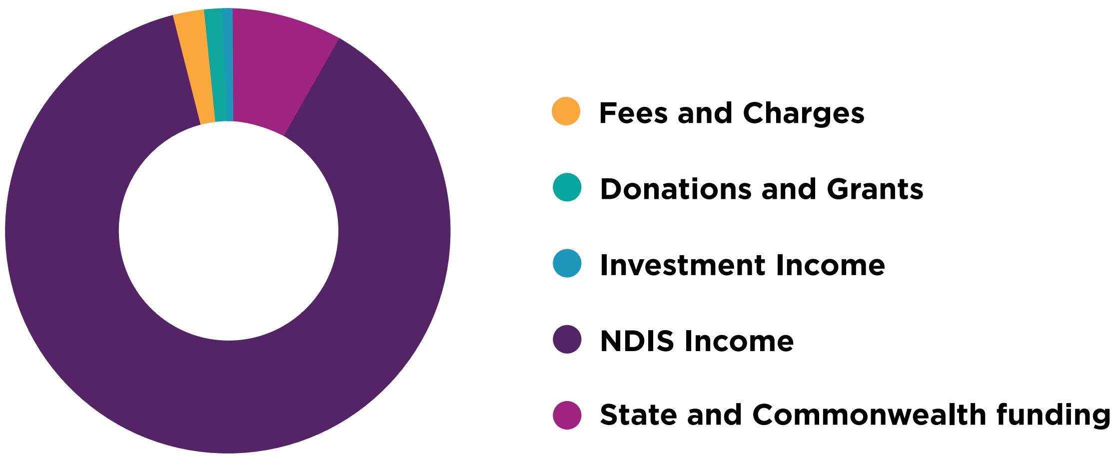
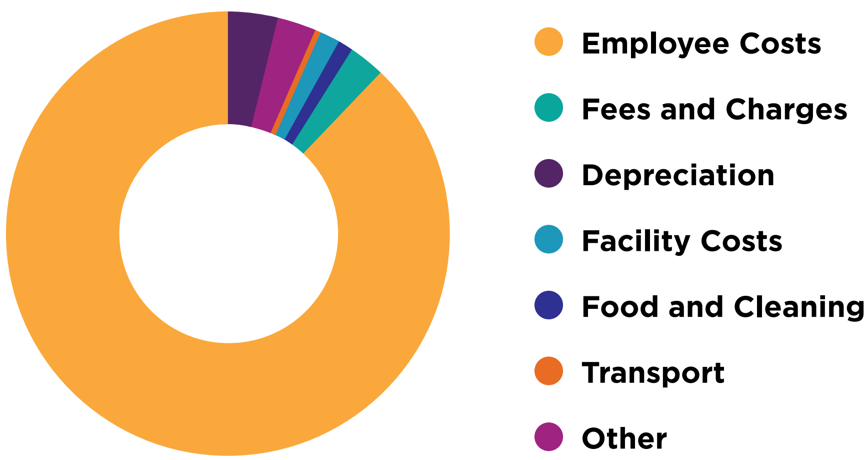
Income



Expenses



Treasurer's Report
Brent Sheers

It is my pleasure to present the Financial Statements and the Treasurer's report for Alkira for the 30 June 2022 financial year. Firstly I would like to thank my predecessor, Peter Holdsworth for his time, efforts and most importantly his guidance as I take on the Treasurer role going forward. I would also like to extend my thanks to the Board, senior management team and greater Alkira community for welcoming me into the organisation over the past year.

As I write this, we are now in the midst of what is considered to be Covid normal, but this has not stopped the pandemic for continuing to significantly impact Alkira over the past 12 months. Unfortunately, lockdowns throughout the first half of the financial year saw Community Supports services adversely effected with Alkira not being able to offer our full suite of services. Despite this impact the senior management team and staff worked tirelessly throughout this period and I cannot thank them enough.

I would also like to thank every individual person and organisation who donated to one of many important causes. The Alkira community and their selflessness is what helps us deliver Alkira's goals.

We look forward to using the 30 June 2022 year as a platform for the organisation to get back to running at pre-pandemic levels and delivering both a full suite of service offerings and making a profit without the use of government subsidies such as JobKeeper.

2022 Operating Performance

With the cessation of JobKeeper in March 2021, and further lockdowns in the first half of the financial year, Alkira made the conscious effort to ensure that despite the reduction in service offerings it was important that we retained staff. This became the key driver in making what became a net operating loss of $803,720 (2021: loss of $2,986,008) and a total comprehensive loss of $527,308 (2021: profit of $1,524,510).

The significant amount of JobKeeper and government stimulus that drove the 2021 profit, has been utilised in 2022 for this purpose to help ensure we had the staff to increase service offerings once we came out of lockdown.

Operating revenue increased by $2,375,806 (24%) on the back of Community Supports offerings increasing in the second half of the financial year.

Operating expenditure increased by $193,518 (1%) mainly due to salaries, rent and outgoing increasing year on year, however management have done a fantastic job in stabilising our expenditure during the lockdown period.

Donations and grants represented $201,003 (73%) of our non-operating revenue and is an area that will be of continual focus going forward into the 2023 financial year.

In spite of the tough operating conditions across the Not-for-Profit sector during the year, Alkira has managed to maintain a strong balance sheet. Whilst net assets have decreased by $527,308 (4%), our working capital at year-end remains extremely positive in a surplus position of $6,250,499.

Our strong working capital and liquidity is due to Alkira's strong historical cash surplus at year end of $6,810,267.

Moving forward to the year ahead

With hopefully the worst of Covid behind us, we now move full stride ahead as an organisation to bring community and housing services back to 100%, and most importantly deliver on our mission to meet the needs and wishes of people with intellectual disabilities and to enrich and challenge them to be a part of the world community. This will be done with the continued investment and support in our staff and investment in the organisation's facilities. The Board have pleasingly approved $714,600 amount of capital expenditure across home and community service facilities, as well as the upgrade of a Thurston Tech Hub.

More importantly, we look to deliver an operating cash profit to the organisation for the first time since pre-covid and to stabilise and grow Alkira long into the future as we start to put in place a long-term strategy.

I would like to finish by thanking the entire Alkira community for their efforts over the 2022 financial year and look forward to the year ahead.

Lead Auditor's Independence Declaration

In accordance with the Associations Incorporation Reform Act 2012, I am pleased to provide the following declaration of independence to the committee members of Alkira Centre – Box Hill Inc.

As lead audit partner for the audit of the financial statements of Alkira Centre – Box Hill Inc for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i) the auditor independence requirements as set out in the Associations Incorporation Reform Act 2012 in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

E. F. McPHAIL & PARTNERS PTY. LTD.

WAYNE C. DURDIN

Director
30 August 2022
Melbourne

Independent Auditor's Report

Opinion

We have audited the financial report of Alkira Centre – Box Hill Inc (the "Association"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the Committee' certification on the annual statements giving a true and fair view of the financial position and performance of the Association.

In our opinion, the accompanying financial report of the Association is in accordance with the Associations Incorporation Reform Act 2012, including:

(a) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Simplified Disclosures and the Associations Incorporation Reform Act 2012 (Vic).

Basis for Opinion

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

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

Other Information

The Committee are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Committee for the Financial Report

The Committee of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the Associations Incorporation Reform Act 2012 and for such internal control as the Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Committee are responsible for overseeing the Association's financial reporting process.

Independent Auditor’s Report (continued)

Auditor’s Responsibilities for the Audit of the Financial Report

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

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

We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accountingestimates and related disclosures made by the Committee.

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

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

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

E. F. McPHAIL & PARTNERS PTY. LTD.

Wayne Durdin

WAYNE C. DURDIN

Director
30 August 2022
Melbourne

Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Note	2022 ($)	2021 ($)
OPERATING REVENUE			
State and Commonwealth Funding		1,020,354	841,752
NDIS Income		10,978,060	8,831,981
Client Fees Income		237,902	198,161
Centre Gen Income		20,156	8,772
Total Operating Income		**12,256,472**	**9,880,666**
EXPENDITURE			
Salaries	3	11,325,833	11,292,166
IT Expenses		208,465	191,303
Maintenance		94,801	67,387
Food & Cleaning		128,914	155,478
Staff Related Costs		147,492	93,481
Furniture & Equipment (Low Value)		22,501	26,750
Utilities		46,324	50,754
Rates & Taxes		3,924	7,805
Rent & Outgoings		104,433	42,668
Audit Fees		15,750	19,000
Printing & Stationery		44,467	65,292
Transport Fuel and Maintenance		59,719	59,778
Other Expenses		387,697	307,133
Bad & Doubtful Debts		852	(63,860)
Depreciation		469,020	551,539
Total Expenses		**13,060,192**	**12,866,674**
Net Operating (loss)		**(803,720)**	**(2,986,008)**
NON-OPERATING REVENUE			
Jobkeeper		–	3,285,350
Donations and Grants		201,003	745,730
Investment Income		26,746	61,006
Other Income		48,613	62,608
Gains from sale of property		50	355,824
Total Non-Operating Revenue		**276,412**	**4,510,518**
Current year surplus/(deficit) before Income Tax		**(527,308)**	**1,524,510**
Income Tax Expense		-	-
Total comprehensive (Loss)/Income		**(527,308)**	**1,524,510**

STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

	Note	2022 ($)	2021 ($)
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,596,330	2,812,781
Financial Assets	5	5,213,937	4,318,177
Other Assets	6	1,201,952	1,218,287
Total Current Assets		8,012,219	8,349,245
NON CURRENT ASSETS			
Property, Plant and Equipment	7	6,336,404	6,590,380
Right-of-use Assets	8	32,086	93,392
Total Non Current Assets		6,368,490	6,683,772
Total Assets		**14,380,709**	**15,033,017**
CURRENT LIABILITIES			
Accounts Payable & Other Payables	9	638,174	582,161
Contract Liability	9	–	30,350
Employee Provisions	10	1,088,647	1,087,455
Lease Liabilities	8	34,899	60,187
Total Current Liabilities		1,761,720	1,760,153
NON CURRENT LIABILITIES			
Employee Provisions	10	419,266	510,377
Lease Liabilities	8	–	35,456
Total Non Current Liabilities		419,266	545,833
Total Liabilities		**2,180,986**	**2,305,986**
Net Assets		**12,199,723**	**12,727,031**
EQUITY			
The Alkira Building Fund	11	2,000,000	2,000,000
Alkira Foundation	11	2,192,824	2,178,870
Accumulated General Fund	11	8,006,899	8,548,161
Total Equity		**12,199,723**	**12,727,031**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2022

	General Fund ($)	Alkira Building Fund ($)	Foundation ($)	Total ($)
Balance at 1 July 2020	**7,069,690**	**2,000,000**	**2,132,831**	**11,202,521**
Net surplus for the year	1,524,510	–	–	1,524,510
Allocate to Foundation	(46,039)	–	46,039	-
Balance at 30 June 2021	**8,548,161**	**2,000,000**	**2,178,870**	**12,727,031**
Balance at 1 July 2021	**8,548,161**	**2,000,000**	**2,178,870**	**12,727,031**
Net deficit for the year	(527,308)	–	–	(527,308)
Allocate to Foundation	(13,954)	–	13,954	-
Balance at 30 June 2022	**8,006,899**	**2,000,000**	**2,192,824**	**12,199,723**

For a description of the Alkira Building Fund and Foundation, refer to Note 11.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2022

	Note	2022 ($)	2021 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government grants, client fees and other receipts		13,519,205	12,362,919
Donations received		201,133	745,730
Payments to suppliers and employees		(13,852,803)	(13,205,528)
Interest (unrestricted) received		26,711	76,974
Net cash used in operating activities		**(105,754)**	**(19,905)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in term deposits		(895,760)	(98,199)
Purchase of property, plant and equipment		(166,608)	(1,740,245)
Net cash used in investing activities		**(1,062,368)**	**(1,838,444)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(48,329)	(143,500)
Net cash used in financing activities		**(48,329)**	**(143,500)**
Net decrease in cash held		**(1,216,451)**	**(2,001,849)**
Cash and cash equivalents at beginning of financial year		2,812,781	4,814,630
Cash and cash equivalents at end of financial year	4	**1,596,330**	**2,812,781**

The accompanying notes form part of these financial statements.

NOTE 1
Summary of Significant Accounting Policies

The financial report covers Alkira Centre - Box Hill Inc. (hereafter referred to as Association) as an individual entity. Association is incorporated and domiciled in Australia. Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Nature of operations and principal activities

Association is based in the eastern suburbs of Melbourne and provides services and support to people with an intellectual disability. Principal activities include vocational and work activities, group and individual programs, recreational activities, individual support, accommodation and training opportunities.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures requirements of the Australian Accounting Standards Board (AASB) and the *Incorporated Associations Reform Act 2012 (VIC)*.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The presentation currency used in these financial statements is Australian dollars ($), unless otherwise stated. Amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997.*

b) Property, Plant and Equipment

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

Land

Land is held at historical cost. Land is not depreciated.

Buildings

Buildings are held at historical cost less accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(d) 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 recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings (for purchases post 1/7/2013)	2.5%
Buildings (for purchases pre 1/7/2013)	4% - 20%
Motor Vehicles	20%
Furniture and Fittings (for purchases post 1/7/2013)	20%
Furniture and Fittings (for purchases pre 1/7/2013)	10%
Computers	20% - 33%

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 net proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur.

c) 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 equivalent to the date that the Association commits itself to either purchase or sell 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 recognised immediately as expenses in profit or loss. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Classification and subsequent measurement

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost or fair value through profit or loss. A financial liability is measured at fair value through profit or loss if the financial liability is held for trading or initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income; or fair value through profit or loss. Measurement is on the basis of two primary criteria - the contractual cash flow characteristics of the financial asset; and the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest

on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Association no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The Association recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Loss allowance is not recognised for financial assets measured at fair value through profit or loss. The entity uses the simplified approach to impairment, as applicable under AASB 9.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables.

Recognition of expected credit losses in financial statements

At each reporting date, the Association recognises the movement in the expected credit losses in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

d) Impairment of Assets

At the end of each reporting period, the Association reviews the carrying amounts of its tangible and intangible assets to determine 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 of disposal and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Employee Provisions

Short-term employee benefits

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the reporting period, in which case the obligations are presented as current provisions.

f) 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.

g) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts receivable from customers for goods or services sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

h) Revenue and Other Income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

The grant revenue expected to be recognised in the future related to the performance obligations that are unsatisfied (partially unsatisfied) at the reporting date are:

	2022 ($)	2021 ($)
CONTRACT LIABILITY		
Revenue from Government Grants	–	30,350
REVENUE BY TIMING		
Transferred at a point in time	12,532,884	14,391,184
Transferred over time	–	–
Total	**12,532,884**	**14,391,184**

Information about revenue sources

The Association recognises revenue from the following major sources:

Operating Grants, Donations and Bequests

When the Association receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 and AASB 1058.

When both these conditions are satisfied, the Association:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations. Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:
- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Association recognises income in profit or loss when or as it satisfies its obligations under the contract.

National Disability Insurance Scheme (NDIS) revenue is recognised in profit and loss upon the Association delivering the service to customers with an NDIS plan and service agreement.

Capital Grant

When the Association receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Association recognises income in profit or loss when or as the association satisfies its obligations under the terms of the grant.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

Government Subsidies

Government Subsidies were received during the year, mainly in relation to JobKeeper. Revenue from subsidies is recognised when the Association has complied with the conditions attached to them and when there is reasonable assurance that the subsidy will be received.

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

i) Contract liabilities

Contract liabilities represent the Association's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Association has transferred the services to the customer.

j) Goods and Services Tax (GST)

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

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

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

k) Comparative Figures

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

l) Accounts Payable and Other Payables

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

m) 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.

n) Leases

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

o) Key Judgments

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.

As the Association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the association will make. The association determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the association.

NOTE 2
Key Management Personnel Compensation

The total of remuneration paid to key management personnel (KMP) of the Association during the year are as follows:

	Note	2022 ($)	2021 ($)
Key management personnel compensation		1,080,512	730,356

NOTE 3
Expenses

The following significant expense items are relevant in explaining the financial performance:

Salaries	Note	2022 ($)	2021 ($)
Wages		10,046,764	10,208,473
Super		960,719	890,556
Workcover & Insurance		318,350	193,137
		11,325,833	**11,292,166**

NOTE 4
Cash and Cash Equivalents

	Note	2022 ($)	2021 ($)
Cash on Hand		3,900	3,900
Cash at Bank		316,337	263,740
Short-term deposits		1,276,093	2,545,141
Total cash and cash equivalents		**1,596,330**	**2,812,781**

NOTE 5
Financial Assets

	Note	2022 ($)	2021 ($)
Longer term deposits (Bendigo & RABO)		**5,213,937**	**4,318,177**

The effective interest rate on term bank deposits was 0.78% (2021: 0.89%); these deposits have an average maturity of 253 days.

NOTE 6
Accounts Receivable and Other Debtors

	Note	2022 ($)	2021 ($)
CURRENT			
Debtors		1,172,325	684,434
Expected Credit Loss Allowance		(89,545)	(92,159)
Sundry Debtors		8,486	522,283
GST Receivable		18,968	16,462
Prepayments		80,246	75,830
Interest Receivable		11,472	11,437
Total current accounts receivable and other debtors		**1,201,952**	**1,218,287**

FINANCIAL ASSETS CARRIED AT AMORTISED COST			
Accounts receivable and other debtors:		1,201,952	1,218,287
- Total current	13	**1,201,952**	**1,218,287**

Credit Risk

The Association applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision is based on all amounts over 120 days overdue.

The Association has no significant concentrations of credit risk with respect to any single counterparty or group of counterparties. The Association always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Association writes off an accounts receivable amount when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

Collateral held as security

No collateral is held as security for any of the accounts receivable or other debtor balances.

NOTE 7
Property, Plant and Equipment

	Note	2022 ($)	2021 ($)
LAND AND BUILDINGS			
Land and Buildings		9,833,687	9,833,687
Accumulated Depreciation		(3,922,511)	(3,698,241)
		5,911,176	**6,135,446**
MOTOR VEHICLES			
Motor Vehicles		873,105	823,288
Accumulated Depreciation		(764,686)	(718,702)
		108,419	**104,586**
FURNITURE AND EQUIPMENT			
Furniture and Equipment		613,329	550,187
Accumulated Depreciation		(402,747)	(337,831)
		210,582	**212,356**
COMPUTER EQUIPMENT			
Computer Equipment		576,126	522,478
Accumulated Depreciation		(469,899)	(384,486)
		106,227	**137,992**
Total Property, Plant and Equipment		**6,336,404**	**6,590,380**

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:

	Computers ($)	Land and Building ($)	Motor Vehicles ($)	Furniture, Equipment ($)	Total ($)
Balance at 1 July 2021	137,992	6,135,446	104,586	212,356	6,590,380
Additions	53,648	–	49,817	63,143	166,608
Disposals	–	–	–	–	-
Transfers	–	–	–	–	-
Depreciation expense	(85,413)	(224,270)	(45,984)	(64,917)	(420,584)
Carrying amount at 30 June 2022	**106,227**	**5,911,176**	**108,419**	**210,582**	**6,336,404**

In the 2020 year, Assocation became aware that DHHS may have claims over one of the buildings. The Assocation is the legal owner to the title, so the value reflected is correct; however, should the building be sold in the future, the liability owning the DHHS would have to be paid out at that point in time. As the building is shown at cost, there would be significant gain on sale, even after extinguishing the liability, as such there is no impairment as a result of this.

NOTE 8
Leases

The Association's lease portfolio includes equipment, motor vehicles and buildings. These leases have an average of 2.9 years as their lease term.

1. Options to extend or terminate

The option to extend or terminate is contained in several of the property leases of the Association. There were no extension options for equipment leases. These clauses provide the Association opportunities to manage leases to align with its strategies. All of the extension or termination options are only exercisable by the Association. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right-of-use asset.

i) AASB 16 related amounts recognised in the balance sheet

	Note	2022 ($)	2021 ($)
RIGHT OF USE ASSETS			
Building Lease		156,909	363,376
Accumulated Depreciation Building Lease		(128,380)	(286,553)
		28,529	**76,823**
Motor Vehicle Leases		26,032	26,032
Accumulated Depreciation Motor Vehicle Leases		(26,032)	(21,544)
		-	**4,488**
Equipment Leases		29,137	29,137
Accumulated Depreciation Equipment Leases		(25,580)	(17,056)
		3,557	**12,081**
Total Right of Use Assets		**32,086**	**93,392**

MOVEMENTS IN CARRYING AMOUNTS OF RIGHT-OF-USE ASSETS

	Lease Buildings ($)	Lease Motor Vehicles ($)	Lease Equipment ($)	Total ($)
Carrying amount at 1 July 2021	76,823	4,488	12,081	93,392
Additions during the year	-	-	-	-
Depreciation expense for the year	(48,294)	(4,488)	(8,524)	(61,306)
Carrying amount at 30 June 2022	**28,529**	-	**3,557**	**32,086**

LEASE LIABILITIES

	Note	2022 ($)	2021 ($)
Current Lease Liability		34,899	60,187
Non Current Lease Liability		-	35,456
		34,899	**95,643**

NOTE 8 CONT'D
Leases

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	<1 year ($)	1-5 years ($)	>5 years ($)	Total undiscounted lease liabilities	Lease liabilities per statement of Financial Position
2022 Lease Liabilities	35,522	-	-	35,522	34,899
2021 Lease Liabilities	60,922	36,090	-	97,012	95,643

At commencement date and each subsequent reporting date, Association assesses where it is reasonably certain that the extension options will be exercised.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Association is a lessee are shown below:

	Note	2022 ($)	2021 ($)
Interest Expense on Lease Liabilities		493	663
Depreciation of Right-of-use Asset		61,306	165,049
		61,799	**165,712**

STATEMENT OF CASH FLOWS

	Note	2022 ($)	2021 ($)
Total cash outflows for leases		**48,329**	**143,500**

NOTE 9:
Accounts Payable and Other Payables

	Note	2022 ($)	2021 ($)
CURRENT			
Unsecured Liabilities:			
Trade Creditors		119,368	49,037
Sundry Creditors		518,806	533,124
Contract Liability		-	30,350
Financial liabilities as accounts payable and other payables		**638,174**	**612,511**

Financial liabilities at amortised cost classified as accounts payable and other payables.

	Note	2022 ($)	2021 ($)
Accounts payable and other payables:			
- Total Current		638,174	612,511
Less Contract Liability		-	(30,350)
Financial liabilities as accounts payable and other payables	13	**638,174**	**582,161**

Collateral pledged

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

The average credit period on accounts payable and other payables is 1 month. No interest is payable on outstanding payables during this period. For payables outstanding longer than 1 months, 0% per annum is payable on the outstanding balance.

NOTE 10
Employee Provisions

	Note	2022 ($)	2021 ($)
CURRENT			
Provision for Long Service Leave		208,812	187,137
Provision for Annual Leave Entitlements		879,835	900,318
Total Current Employee Provisions		**1,088,647**	**1,087,455**

NON CURRENT			
Non-Current Provision for Long Service Leave		419,266	510,377
Total Non Current Employee Provisions		**419,266**	**510,377**

ANALYSIS OF EMPLOYEE PROVISIONS – ANNUAL LEAVE ENTITLEMENTS			
Opening balance at 1 July		900,318	737,809
Additional provisions		883,040	894,195
Amounts used		(903,523)	(731,686)
Balance at 30 June		**879,835**	**900,318**

Employee provisions – annual leave entitlements

The provision for employee benefits represents amounts accrued for annual leave.

Based on past experience, the Association expects the full amount of the annual leave balance to be settled within the next 12 months. Further, these amounts must be classified as current liabilities since the Association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

NOTE 11
Reserves

Alkira General Fund, Alkira Building Fund and Foundation

The Alkira Building fund was established to provide for future capital expenditure of the Association. Alkira Foundation was established in June 2011 to provide for future income generation. All appropriations to both Funds and any expenditure from both Funds are made on the basis of decisions by the Board of Management. The total of the Funds is represented by the following specific current assets shown in the accounts.

	Note	2022 ($)	2021 ($)
ALKIRA GENERAL FUND			
Current year Surplus/(Deficit)		(527,308)	1,542,510
Prior Year Adjustments			
Current Year Adjustments			
Accumulated Funds Brought Forward		8,548,161	7,069,690
Transfer to Alkira Foundation		(13,954)	(46,039)
Accumulated Funds Carried Forward		**8,006,899**	**8,548,161**
ALKIRA BUILDING FUND			
Cash at Bank		2,000,000	2,000,000
The net transfers comprised the following:			
Opening Balance		2,000,000	2,000,000
Investment Income		41,919	17,777
Transfer to General Funds		(41,919)	(17,777)
Net		**2,000,000**	**2,000,000**
ALKIRA FOUNDATION			
Cash at Bank		2,178,870	2,132,828
The net transfers comprised the following:			
Opening Balance		2,178,870	2,132,828
Transfer in		5,000	27,020
Investment Income		8,954	19,022
Net		**2,192,824**	**2,178,870**

NOTE 12
Events after the Reporting Period

No 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 13
Related Party Transactions

During the year ended 30 June 2022 the following members of the committee had family members who were clients of Alkira:

Dianne Bassett Ramsay Gunasekera Ron Walker
Lucinda Nolan Peter Holdsworth

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

NOTE 14
Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short and longer-term deposits, accounts receivable and payable. The carrying amounts for each category of financial instruments, measured in accordance with *AASB 9 Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022 ($)	2021 ($)
FINANCIAL ASSETS			
Cash and Cash Equivalents	4	1,596,330	2,812,781
Longer term deposits	5	5,213,937	4,318,177
Accounts Receivable and Other Debtors	6	1,201,952	1,218,287
Total Financial Assets		**8,012,219**	**8,349,245**
FINANCIAL LIABILITIES			
Accounts payable and other payables	9	638,174	582,161
Total Financial Liabilities		**638,174**	**582,161**

NOTE 15
Remuneration of Auditors

Remuneration of the Auditor of the Association for:

	2022 ($)	2021 ($)
Auditing the Financial Statements	15,750	15,500
	15,750	**15,500**

NOTE 16
Commitments and Contingencies

The Association had no commitments and contingent liabilities as at 30 June 2022 (2021: Nil).

NOTE 17
Authorisation of the Financial Statements

The financial statements were approved by the board of directors and authorised for issue on 30 August 2022.

NOTE 18
Association Details

The registered office of the Association is:
Alkira Centre - Box Hill Inc.
3 Thurston Street, Box Hill Vic 3128

The principal place of business is:
Alkira Centre - Box Hill Inc.
3 Thurston Street, Box Hill Vic 3128

Associations Incorporation Reform Act 2012 SS 94(2)(b), 97(2)(b) and 100(2)(b) Annual statements Give True and Fair View of Financial Position of Incorporated Association

We, Peter Harrison, President and Brent Sheers, Treasurer being members of the Committee of Alkira Centre - Box Hill Inc., certify that:

The statements attached to this certificate give a true and fair view of the financial position of Alkira Centre - Box Hill Inc. during and at the end of the financial year of the Association ending on 30 June 2022, in accordance with Australian Accounting Standards – Simplified Disclosures and the *Associations Incorporation Reform Act 2012* (Vic).

Signed: ____________________
Date: 30 August 2022
Peter Harrison, President

Signed: ____________________
Date: 30 August 2022
Brent Sheers, Treasurer

Providing services to support people with intellectual disabilities since 1954.

Alkira represents **lifestyle, choices, community inclusion, independence** and **social connection. A fulfilled life!**

That can look very different for everyone, therefore we customise our services for the individual.

There is no ‘standard’ offering at Alkira, **it is your goals and what you want to do.**

Our approach is welcoming and respectful, where participants are truly valued and treated as individuals.

ndis REGISTERED PROVIDER

03 9890 1365

info@alkira.org.au

3 Thurston Street
Box Hill VIC 3128

www.alkira.org.au

We acknowledge the Traditional Owners of the land on which we reside, the Wurundjeri people, of the Kulin nation, to which we pay our respects to Elders past, present and emerging.

belong. connect. aspire.