Alkira Centre Box Hill Inc

ABN: 47 368 869 748

Financial Statements

For the year ended 30 June 2023

Alkira Centre Box Hill Inc

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The Committee present their report on Alkira Centre Box Hill Inc (the "Association") for the financial year ended 30 June 2023.

Information on committee members

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

Peter Harrison (President)

Dianne Bassett (Vice-President)

Brent Sheers (Treasurer)

Peter Holdsworth

Katie Bayley - appointed on 29 Nov 2022

Lucinda Frawley

Ramsay Gunasekera

Ron Walker - resigned on 26 Sep 2023

Christopher Miller - resigned on 29 Aug 2023

Lynn Scoles - resigned on 27 Sep 2022

Committee have been in office since the start of the financial year to the date of the report unless otherwise stated.

Principal activities

The principal activity of the Association during the financial year was providing services and support to people with intellectual disabilities, including vocational and work activities, group and individual programs, recreational activities, individual support, accommodation and training opportunities.

No significant changes in the nature of the Association's activity occurred during the financial year.

Operating results

The deficit of the Association after providing for income tax amounted to $345,267 (2022: $527,308 deficit).

Significant changes in state of affairs

The following significant changes in the state of affairs of the Association occurred during the financial year:

- The Association has commenced steps to transition itself from being an association to a company limited by guarantee. The transition is expected to be completed within the next 12 months.

Events after the reporting date

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

Future developments and results

Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

Environmental issues

The Association's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Alkira Centre Box Hill Inc.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on the following page.

Signed in accordance with a resolution of the Committee.

Peter Harrison	Brent Sheers
President	Treasurer

Dated: 2/11/23

LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Reform Act 2012*, I am pleased to provide the following declaration of independence to the Committee 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 financial year ended 30 June 2023, 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 Subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and *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

Wayne Durd

WAYNE C. DURDIN
Partner

2 November 2023
Melbourne

Alkira Centre Box Hill Inc

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Operating Revenue			
State and Commonwealth funding		840,423	1,020,354
NDIS income		13,795,044	10,978,060
Client fees income		287,254	237,902
Centre Gen income		31,507	20,156
Total operating revenue	5	14,954,228	12,256,472
Employee benefits	6	(12,792,545)	(11,224,862)
Accounting, audit and consultants		(265,525)	(90,037)
Bad & doubtful debts		(10,799)	(852)
Cleaning		(151,110)	(134,992)
Depreciation and amortisation		(454,299)	(469,020)
Furniture & equipment (low value)		(26,124)	(22,501)
Insurance & workcover		(120,644)	(90,672)
Interest expense		(2,048)	(496)
IT & communication		(270,892)	(257,857)
Office supplies, printing & stationery		(59,407)	(82,417)
Occupational health & safety		(49,284)	(130,729)
Repairs and maintenance		(108,042)	(107,650)
Rates & taxes		(7,254)	(3,924)
Rents & outgoings		(176,072)	(104,433)
Staff related costs		(752,837)	(157,791)
Travel & motor vehicle		(81,277)	(59,719)
Utilities		(41,886)	(46,324)
Other		(157,341)	(75,916)
Total expenses		(15,527,386)	(13,060,192)
Net Operating Deficit		(573,158)	(803,720)
Other Income			
Donations & grants		126,488	201,003
Interest income		86,585	26,746
(Loss) / Gain of sale of property		(3,556)	50
Other income		18,374	48,613
Total other income		227,891	276,412
Deficit for the year		(345,267)	(527,308)

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	7	1,915,055	1,596,330
Trade and other receivables	8	932,756	1,121,706
Financial assets	9	5,246,997	5,213,937
Other assets	10	182,465	80,246
Total current assets		8,277,273	8,012,219
Non-current assets			
Property, plant and equipment	11	6,056,386	6,336,404
Right-of-use assets	12	109,321	32,086
Total non-current assets		6,165,707	6,368,490
Total assets		14,442,980	14,380,709
Liabilities			
Current liabilities			
Trade and other payables	13	656,406	471,802
Employee benefits	14	1,247,598	1,088,647
Contract liabilities		-	166,372
Lease liabilities	12	48,577	34,899
Total current liabilities		1,952,581	1,761,720
Non-current liabilities			
Employee benefits	14	573,818	419,266
Lease liabilities	12	62,125	-
Total non-current liabilities		635,943	419,266
Total liabilities		2,588,524	2,180,986
Net assets		11,854,456	12,199,723
Equity			
Accumulated General Fund	15	7,661,632	8,020,853
The Alkira Building Fund	15	2,000,000	2,000,000
Alkira Foundation	15	2,192,824	2,178,870
Total equity		11,854,456	12,199,723

The accompanying notes form part of these financial statements.

Statement of changes in equity
For the year ended 30 June 2023

2022	General Fund $	Alkira Building Fund $	Foundation $	Total equity $
Opening balance	8,548,161	2,000,000	2,178,870	12,727,031
Net deficit for the year	(527,308)	-	-	(527,308)
Allocation to Foundation	(13,954)	-	13,954	-
Closing balance	8,006,899	2,000,000	2,192,824	12,199,723

2023	General Fund $	Alkira Building Fund $	Foundation $	Total equity $
Opening balance	8,006,899	2,000,000	2,192,824	12,199,723
Net deficit for the year	(345,267)	-	-	(345,267)
Allocation to Foundation	(22,030)	-	22,030	-
Closing balance	7,639,602	2,000,000	2,214,854	11,854,456

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2023

	2023	2022
	$	$
Cash flows from operating activities:		
Receipts from government grants	14,553,068	13,180,901
Receipts from client fees & others	507,711	338,304
Donations received	126,488	201,133
Payments to suppliers and employees	(14,706,519)	(13,852,803)
Interest received	86,585	26,711
Net cash flows from/(used in) operating activities	567,333	(105,754)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(33,060)	(895,760)
Investment in term deposits	(163,814)	(166,608)
Net cash provided by/(used in) investing activities	(196,874)	(1,062,368)
Cash flows from financing activities:		
Payment of lease liabilities	(51,734)	(48,329)
Net increase/(decrease) in cash and cash equivalents	318,725	(1,216,451)
Cash and cash equivalents at beginning of year	1,596,330	2,812,781
Cash and cash equivalents at end of financial year	1,915,055	1,596,330

The accompanying notes form part of these financial statements.

1. Introduction

The financial statements cover Alkira Centre Box Hill Inc (the "Association") as an individual entity. Alkira Centre Box Hill Inc is a not-for-profit Association incorporated in Victoria under the *Associations Incorporations Reform Act 2012* ('the Act').

The functional and presentation currency of the Association is Australian dollars.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

2. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the Act.

The financial statements have been prepared on an accruals basis and are based on historical costs.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

3. Summary of significant accounting policies

a. Income tax

The Association is exempt from income tax under Division 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.

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 straightline 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 Assets	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%
Computer equipment	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. 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.

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. 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 the right to defer settlement for at least 12 months after the reporting period, in which case the obligations are presented as current provisions.

d. 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.

e. Revenue

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.

Generally, the timing of the payment for sale of goods and 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.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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; and
- 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.

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.

Government Subsidies

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.

Interest Income

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.

f. Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

g. Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the Statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

h. 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.

i. 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.

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.

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.

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, lease liability is measured at amortised cost using the effective interest rate method. 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 lease liability is remeasured, 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.

Exemptions to lease accounting

The Association has elected to apply the exemptions 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.

j. Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

k. Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

i. Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

The Association does not have financial assets measured at fair value through profit or loss and fair value through other comprehensive income.

Amortised cost

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

ii. Financial liabilities

The Association classifies financial liabilities into either:

- liabilities measured at fair value through profit or loss; or
- other financial liabilities.

Liabilities measured at fair value through profit or loss comprise of derivative financial instruments and changes in fair value are recorded in profit or loss at each reporting period.

Other financial liabilities are initially recorded at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade payables, bank and other loans and lease liabilities.

l. Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 30 June 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

4. Critical accounting estimates and judgements

The Committee make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

a. Employee benefits

The liability for long service leave has been estimated using the assumptions as at 30 June 2023. The estimate of the present value of the liability for long service leave takes into account attrition rates and pay increases through promotion and inflation. The estimate of future costs requires management's assessment of assumed salary growth rates, future on-cost rates and the experience of employee departures. The future costs are then discounted to present value in accordance with AASB 119.

The Association has entered into the Portable Long Service Scheme with the Portable Long Service Leave Authority in 2020. In the current year, the Association has made an assessment of amounts expected to be claimable from the Portable Long Service Leave Authority and has accounted for this amount as a current asset. The estimate of the amount of reimbursable asset requires management's assessment of likelihood of reimbursement and whether the reimbursements are "virtually certain" at year-end, in accordance with AASB 119.

b. Lease term and option to extend

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.

5. Revenue

Revenue by timing	**2023** **$**	**2022** **$**
Transferred at a point in time	14,954,228	12,256,472
Transferred over time	-	-
Total	14,954,228	12,256,472

6. Expenses

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

	2023 $	2022 $
Employee benefit expense		
Salary and wage	10,076,952	8,974,125
Superannuation contributions	1,131,869	960,719
Other employee benefits	1,583,724	1,290,018
Total	12,792,545	11,224,862

7. Cash and cash equivalents

	2023 $	2022 $
Cash at bank	602,864	316,337
Cash on hand	4,100	3,900
Short-term deposits (original maturity <= 3 months)	1,308,091	1,276,093
	1,915,055	1,596,330

8. Trade and other receivables

Current (at amortised cost)	2023 $	2022 $
Trade receivables	883,609	1,172,325
Provision for impairment	(71,700)	(89,545)
	811,909	1,082,780
Interest receivable	32,997	11,472
GST receivable	57,323	18,968
Sundry debtors	30,527	8,486
	932,756	1,121,706

The Association has no significant concentrations of credit risk with respect to any single counterparty or group of counterparties.

9. Financial assets

Current (at amortised cost)	2023 $	2022 $
Term deposits at banks (original maturity 3 - 12 months)	5,246,997	5,213,937

The effective interest rate on term bank deposits was 2.93% (2022: 0.78%); these deposits have an average maturity of 140 days (2022: 253 days).

10. Other assets

Current	2023 $	2022 $
Other assets		
Prepayments	79,866	80,246
Portable long service leave asset	102,599	-
	182,465	80,246

During the year, the Association paid $160,126 (2022: $155,494) to the Portable Long Service Leave Authority. The Association has made an assessment of amounts expected to be claimable from the Portable Long Service Leave Authority and has accounted for this amount as a current asset. The estimate of the amount of reimbursable asset requires management's assessment of likelihood of reimbursement and whether the reimbursements are "virtually certain" at year-end, in accordance with AASB 119.

11. Property, plant and equipment

2023	Land & Buildings $	Furniture & equipment $	Computer equipment $	Motor vehicles $	Total $
Cost					
Opening balance	9,833,687	613,329	576,126	873,105	11,896,247
Additions	-	62,396	101,418	-	163,814
Disposals	-	-	-	(49,817)	(49,817)
Total cost	9,833,687	675,725	677,544	823,288	12,010,244
Accumulated depreciation					
Opening balance	(3,922,511)	(402,747)	(469,899)	(764,686)	(5,559,843)
Charge for the year	(224,548)	(70,660)	(74,013)	(31,782)	(401,003)
Disposals	-	-	-	6,988	6,988
Total accumulated depreciation	(4,147,059)	(473,407)	(543,912)	(789,480)	(5,953,858)
NBV at 30 June 2022	5,911,176	210,582	106,227	108,419	6,336,404
NBV at 30 June 2023	5,686,628	202,318	133,632	33,808	6,056,386

In the 2020 year, Alkira became aware that DHHS may have claims over one of the properties (land & buildings). Alkira is the legal owner to the title. However, should the property be sold in the future, there would be a significant gain on sale because it is recorded at cost. As such there is no impairment as a result of this.

12. Leases

The Association's lease portfolio includes equipment, motor vehicles and buildings.

a. Options to extend or terminate

The option to extend or terminate is contained in several of the property leases of the Association.

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 right-of-use asset.

b. Right-of-use assets

Description	2023 $	2022 $
Right-of-use assets (properties)	109,321	32,086

c. Lease liabilities

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

	2023 $	2022 $
< 1 year	52,567	35,522
1 - 5 years	63,895	-
Total undiscounted lease liabilities	116,462	35,522
Lease liabilities included in the statement of financial position	110,702	34,899

13. Trade and other payables

Current (at amortised cost)	2023 $	2022 $
Trade payables	331,731	119,368
PAYG payable	-	141,952
Accrued expenses	228,205	153,544
Sundry creditors	29,271	783
Other trade and other payables	67,199	56,155
	656,406	471,802

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.

14. Employee benefits

Current	2023 $	2022 $
Long service leave	327,832	208,812
Annual leave	919,766	879,835
	1,247,598	1,088,647

Non-current	2023 $	2022 $
Long service leave	573,818	419,266

15. Equity

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 Committee. The total of the Funds is represented by the following specific current assets shown in the accounts.

	2023 $	2022 $
Alkira General Fund		
Opening balance	8,006,899	8,548,161
Current year surplus / (deficit)	(345,267)	(527,308)
Transfer to Alkira Foundation	(22,030)	(13,954)
Ending balance	7,639,602	8,006,899
Alkira Building Fund		
Term deposit at bank	2,000,000	2,000,000
Interest income	43,174	41,919
Transfer to Alkira General Fund	(43,174)	(41,919)
Ending balance	2,000,000	2,000,000
Alkira Foundation		
Term deposit at bank	2,192,824	2,178,870
Transfer in	-	5,000
Interest income	22,030	8,954
Total	2,214,854	2,192,824

16. Financial risk management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The Association does not have any derivative instruments as at 30 June 2023 (2022: nil). The carrying amount 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 follow:

Financial assets	**2023** **$**	**2022** **$**
Held at amortised cost		
Cash and cash equivalents	1,915,055	1,596,330
Trade and other receivables	932,756	1,121,706
Financial assets	5,246,997	5,213,937
	8,094,808	7,931,973

Financial liabilities	**2023** **$**	**2022** **$**
Financial liabilities measured at amortised cost		
Trade and other payables	656,406	471,802
Lease liabilities	110,702	34,899
	767,108	506,701

17. Related parties

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

During the year, the following members of the Committee had family members who were clients of the Association:

Dianne Bassett

Lucinda Nolan

Ron Walker

Peter Holdsworth

Ramsay Gunasekera

The remuneration paid to key management personnel of the Association is $876,725 (2022: $1,080,512).

18. Auditor's remuneration

	2023 $	2022 $
Audit of financial statements	16,250	14,250
Assistance with financial statements compilation	1,500	1,500
Total	17,750	15,750

19. Contingencies

At 30 June 2023, the Association is subject to a legal matter which is expected to continue into the 2024 financial year. The Committee of Management have vehemently defended the Association and expect to settle the legal matter out of court.

The legal costs relating to this matter have primarily been covered by the Association’s insurers to date. Based on the current known facts at the date of signing the financial report the Committee of Management expect the Association’s future exposure to be approximately $30,000 should the legal matter be settled in line with current advice.

Other than the above matter noted, there are no other contingencies noted at 30 June 2023 (2022: none).

20. Events occurring after the reporting date

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

21. Statutory information

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

Alkira Centre Box Hill Inc
3 Thurston Street
Box Hill VIC Australia
3128

Certificate by members of committee

We, Peter Harrison and Brent Sheers, being members of the Committee of Alkira Centre Box Hill Inc, declare that:

The financial statements and notes for the year ended 30 June 2023 are in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* and the *Australian Charities and Not-for-profits Commission Act 2012* and:

- comply with Australian Accounting Standards - Simplified Disclosures; and
- give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Association.

In the Committee's opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-forprofits Commission Regulation 2013*.

Peter Harrison
President

Brent Sheers
Treasurer

Dated: 2/11/23

Independent Auditor's Report
To the Members of Alkira Centre Box Hill Inc

Opinion

We have audited the financial report of Alkira Centre Box Hill Inc (the "Entity"), which comprises the statement of financial position as at 30 June 2023, 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's declaration.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)*, including:

(a) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Simplified Disclosures, Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* 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 Entity 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 is responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2023 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.

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www.mcphail.com.au
Partners · Wayne Durdin CPA · Matthew Drew CA· Stephen Howard CPA · David Eva CA

Responsibilities of the Committee for the Financial Report

The Committee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)*, 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 is responsible for assessing the Entity'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 Entity or to cease operations, or have no realistic alternative but to do so.

The Committee is responsible for overseeing the Entity's financial reporting process.

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 Entity's internal control.

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

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

- 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

WAYNE C. DURDIN
Partner

2 November 2023
Melbourne