

BALWYN EVERGREEN CENTRE
ABN 94 907 516 455

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

BALWYN EVERGREEN CENTRE

ABN 94 907 516 455

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FOR THE YEAR ENDED 30 JUNE 2023

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BALWYN EVERGREEN CENTRE**ABN 94 907 516 455****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

		2023	2022
	Note	\$	\$
Revenue	4	1,004,090	828,143
Employee benefits expense		(813,151)	(694,623)
Depreciation and amortisation expense		(21,399)	(24,246)
Occupancy cost		(60,466)	(43,920)
Other Expenses		(72,919)	(58,678)
Administration expenses		(150,140)	(94,679)
Profit/(loss) before income tax		(113,985)	(88,003)
Income tax expense		-	-
Profit/(loss) for the year		(113,985)	(88,003)
Other comprehensive income			
Profit/(Loss) on disposal of financial investments		(11,479)	6,804
Fair value movements on financial assets		69,324	(165,285)
Total comprehensive income/(loss) for the year		(56,140)	(246,484)

The accompanying notes form part of these financial statements.

BALWYN EVERGREEN CENTRE**ABN 94 907 516 455****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	82,556	91,490
Trade and other receivables	5	88,877	64,609
Other assets		4,744	7,152
TOTAL CURRENT ASSETS		176,177	163,251
NON-CURRENT ASSETS			
Property, plant and equipment	6	91,328	81,865
Investment properties		2,600,000	2,600,000
Other financial assets		1,350,633	1,460,126
TOTAL NON-CURRENT ASSETS		4,041,961	4,141,991
TOTAL ASSETS		4,218,138	4,305,242
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	43,443	41,047
Short-term provisions	9	61,895	95,255
TOTAL CURRENT LIABILITIES		105,338	136,302
TOTAL LIABILITIES		105,338	136,302
NET ASSETS		4,112,800	4,168,940
EQUITY			
Financial assets reserve		55,611	(2,234)
Retained earnings		4,057,189	4,171,174
TOTAL EQUITY		4,112,800	4,168,940

The accompanying notes form part of these financial statements.

BALWYN EVERGREEN CENTRE

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

2023

	Retained Earnings	Financial Asset Reserve	Total
	\$	\$	\$
Balance at 1 July 2022	4,171,174	(2,234)	4,168,940
Profit/(loss) for the year attributable to members	(113,985)	-	(113,985)
Total other comprehensive income for the year	-	57,845	57,845
Balance at 30 June 2023	<u>4,057,189</u>	<u>55,611</u>	<u>4,112,800</u>

2022

	Retained Earnings	Financial Asset Reserve	Total
	\$	\$	\$
Balance at 1 July 2021	4,259,177	156,247	4,415,424
Profit/(loss) for the year attributable to members	(88,003)	-	(88,003)
Total other comprehensive income for the year	-	(158,481)	(158,481)
Balance at 30 June 2022	<u>4,171,174</u>	<u>(2,234)</u>	<u>4,168,940</u>

The accompanying notes form part of these financial statements.

BALWYN EVERGREEN CENTRE**ABN 94 907 516 455****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		561,950	350,856
Payments to suppliers and employees		(1,190,004)	(925,565)
Dividends received		108,518	135,692
Interest received		42	11
Receipt from grants		362,605	350,785
Net cash provided by/(used in) operating activities	13	<u>(156,889)</u>	<u>(88,221)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(30,862)	(13,877)
Sale/(Purchase) of financial assets		178,817	130,504
Net cash provided by/(used in) investing activities		<u>147,955</u>	<u>116,627</u>
Net increase/(decrease) in cash and cash equivalents held		(8,934)	28,406
Cash and cash equivalents at beginning of year		91,490	63,084
Cash and cash equivalents at end of financial year	7	<u>82,556</u>	<u>91,490</u>

The accompanying notes form part of these financial statements.

BALWYN EVERGREEN CENTRE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

The financial report covers Balwyn Evergreen Centre as an individual entity. Balwyn Evergreen Centre is a not-for-profit Company limited by guarantee, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2023 were to provide aged care services and active ageing activities for seniors in the City of Boroondara.

The functional and presentation currency of Balwyn Evergreen Centre is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with Governance the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a). 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 Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2 Summary of Significant Accounting Policies

(a). Revenue and other income

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 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 Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company receives the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2 Summary of Significant Accounting Policies

(a). Revenue and other income

Sales Revenue

Sales revenue is received from outings and exercise classes. This revenue is recognised upon the completion of the activity.

Rental income

Investment property revenue is recognised on a straight-line basis over the rental period as the tenants are able to utilise the benefits of the property over time.

Dividend income

Dividend and other investment income is recognised upon receipt.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b). Income Tax

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

(c). 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2 Summary of Significant Accounting Policies

(d). Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment. Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value

Land and buildings are measured using the revaluation model. Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e). Investment property

Investment property is carried at fair value, determined every 3 years by independent valuers. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income as gains on revaluation of investment property.

In the financial year ended 30 June 2023, an independent valuation was conducted to determine the investment property's value as at 30 June 2023. The Company's investment property was valued at \$2,450,000 (the Valuation), with an indicative range of between \$1,900,000 to \$2,700,000 (the Indicative Range). As the investment property's carrying amount is within the Indicative Range, the Directors have made the decision not to account for differences between current carrying amount and the Valuation.

(f). Financial instruments

Financial instruments are recognised initially on the date that the Company 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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2 Summary of Significant Accounting Policies

(f). Financial instruments

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 Company 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 Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company'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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2 Summary of Significant Accounting Policies

(f). Financial instruments

Financial assets

Fair value through other comprehensive income equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are 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

**NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of Significant Accounting Policies

(f). Financial instruments

Financial assets

When determining whether the credit risk of financial assets has increased significant since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company 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 Company 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 have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable 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 Company 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.

**NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of Significant Accounting Policies

(f). Financial instruments

Financial assets

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.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

(g). Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an 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.

(h). Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2 Summary of Significant Accounting Policies

(i). Provisions

Provisions are recognised when the Company 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 are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(j). Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of Significant Accounting Policies

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company 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 Company'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 Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or 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

Where applicable, the Company will elect 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 Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a lessor

The Company owns an investment property that they lease to third parties. The Company has assessed the lease as an operating lease and recognises the income on a straight-line basis over the period of the lease.

BALWYN EVERGREEN CENTRE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3 Critical Accounting Estimates and Judgments

Those charged with governance 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:

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2023	2022
	\$	\$
Sales revenue		
- revenue	303,403	197,170
	<u>303,403</u>	<u>197,170</u>
Other revenue		
- grants	362,605	350,785
- rental income	175,304	137,059
- subscriptions	6,970	5,871
- interest & dividend	108,560	135,703
- other income	1,294	45
- donations and bequests	45,954	1,510
	<u>700,687</u>	<u>630,973</u>
Total revenue and other income	<u><u>1,004,090</u></u>	<u><u>828,143</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

5 Trade and other receivables

	2023	2022
	\$	\$
CURRENT		
Trade debtors	32,612	24,485
Sundry debtors	23,782	273
Franking credits recoverable	32,483	39,851
Total current trade and other receivables	88,877	64,609

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

6 Property, plant and equipment

	2023	2022
	\$	\$
Plant and equipment		
At cost	161,903	154,313
Accumulated depreciation	(115,569)	(104,767)
Total plant and equipment	46,334	49,546
Motor vehicles		
At cost	127,210	103,938
Accumulated depreciation	(91,526)	(81,493)
Total motor vehicles	35,684	22,445
Leasehold Improvements		
At cost	11,292	11,292
Accumulated amortisation	(1,982)	(1,418)
Total leasehold improvements	9,310	9,874
Total property, plant and equipment	91,328	81,865

BALWYN EVERGREEN CENTRE**ABN 94 907 516 455****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****6 Property, plant and equipment****(a). Movements in carrying amounts of property, plant and equipment**

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

	Plant and Equipment	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2023				
Balance at the beginning of year	49,546	22,445	9,874	81,865
Additions	7,588	23,272	-	30,860
Depreciation expense	(10,800)	(10,033)	(564)	(21,397)
Balance at the end of the year	46,334	35,684	9,310	91,328

	Plant and Equipment	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2022				
Balance at the beginning of year	49,653	32,143	10,438	92,234
Additions	13,877	-	-	13,877
Depreciation expense	(13,984)	(9,698)	(564)	(24,246)
Balance at the end of the year	49,546	22,445	9,874	81,865

BALWYN EVERGREEN CENTRE**ABN 94 907 516 455****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****7 Cash and Cash Equivalents**

	2023	2022
	\$	\$
Cash at bank and in hand	82,556	91,490
Total cash and cash equivalents	82,556	91,490

8 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	32,759	33,447
Accrued expenses	10,684	7,600
	43,443	41,047

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

9 Provisions

	2023	2022
	\$	\$
CURRENT		
Provision for annual leave	29,865	45,056
Provision for long service leave	32,030	50,199
	61,895	95,255

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

10 Leases

Concessionary Leases

A concessionary lease is a lease that is significantly below market value. The Company has one concessionary lease over the building space it uses. The lease is continuing until 30 June 2024. The lease allows the Company to use the premises to carry out their operational activities.

The Company has elected to measure the right-of-use asset arising from the concessionary leases at cost which is based on the associated lease liability. The aggregate of these right of use assets is not material and has therefore been expensed.

Immaterial Leases

The Company's policy is to expense leases that are under \$10,000 in expected repayments as the Company considers the value to be immaterial. Including the concessionary lease disclosed above, there were 2 leases that were expensed due to immateriality.

11 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor Morrows Audit Pty Ltd, for:		
- auditing the financial statements	9,000	7,900

12 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2023 (30 June 2022:None).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

13 Cash Flow Information

(a). Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2023	2022
	\$	\$
Profit/(loss) for the year	(113,985)	(88,003)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	21,399	24,246
Gain/(Loss) on disposal of financial assets recorded through OCI	(11,479)	6,804
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(24,268)	(32,449)
- (increase)/decrease in prepayments	2,408	(1,322)
- increase/(decrease) in trade and other payables	2,396	(11,332)
- increase/(decrease) in provisions	(33,360)	13,835
Cashflows from operations	<u>(156,889)</u>	<u>(88,221)</u>

14 Statutory Information

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

Balwyn Evergreen Centre

45 Talbot Avenue

BALWYN VIC 3103

BALWYN EVERGREEN CENTRE


ABN 94 907 516 455


RESPONSIBLE PERSONS' DECLARATION

The Responsible Persons declare that in the Responsible Persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible Person  Raghu Nadathur

Responsible Person  Jonathan Li

Dated: 1/11/2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALWYN EVERGREEN CENTRE

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Balwyn Evergreen Centre, 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, including a summary of significant accounting policies, and the responsible persons' declaration.

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

- (i) giving a true and fair view of the Registered Entity's financial position as at 30 June 2023 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.





Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank VIC 3006

Phone: 03 9690 5700

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Website: www.morrrows.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALWYN EVERGREEN CENTRE

Responsibilities of Responsible Persons for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible persons' responsibility also includes such internal control as the responsible persons determine is necessary to enable the preparation of a 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 responsible persons are responsible for assessing the Registered 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 the responsible entities either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the auditing and assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



MORROWS AUDIT PTY LTD

 *Adrian Fong*

A.M. FONG
Director

Melbourne - Dated: 1/11/2023

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ABN 18 626 582 232
AAC 509944

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE RESPONSIBLE PERSONS OF BALWYN EVERGREEN CENTRE

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

 MORROWS

MORROWS AUDIT PTY LTD

 Adrian Fong

A.M. FONG
Director

Melbourne - Dated: 1/11/2023

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Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank VIC 3006

Phone: 03 9690 5700
Facsimile: 03 9690 6509
Website: www.morrrows.com.au

Date: 1/11/2023

Balwyn Evergreen Centre
45 Talbot Avenue
BALWYN VIC 3103

Dear Directors,

Report to the Board of Directors for the Year Ended 30 June 2023

This report is prepared under the terms of our engagement solely for the information of the Directors and Management.

Scope of the Audit

Our audit is performed to provide reasonable assurance as to whether the financial report is free of material misstatements. Absolute assurance is not possible because of the inherent limitations of internal control, the fact that we do not test 100% of transactions and that much of the audit evidence available to us is persuasive rather than conclusive. In planning our audit, we considered the internal control over financial reporting to determine the nature, extent and timing of audit procedures. A financial report audit therefore does not provide assurance on the effective operation of your internal controls and internal control structure and therefore no opinion is expressed as to its effectiveness.

Because of the test nature of an audit, the inherent limitations of any internal control structure and the fact that fraud is always deliberately concealed there are always risks that material misstatement, fraud or irregularity may exist and not be detected by our audit of the financial report. The comments in this report are therefore not intended to be a comprehensive coverage of all such matters that may exist. You cannot therefore assume that any matters reported to you indicate that there are no additional matters or matters that you should be aware of in meeting your responsibilities.

Acknowledgement

Our comments are made as a result of an impartial review and are in no way intended as a reflection on the integrity or ability of any staff member. We would like to express our appreciation to your staff for their assistance and cooperation during the course of the audit.

Audit Opinion

We intend to sign an unmodified audit report on the financial statements.

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Audit Status

The audit work is complete.

 **MORROWS**

Yours faithfully,

MORROWS AUDIT PTY LTD

 *Adrian Fong*

A.M. FONG

Director

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1. SIGNIFICANT AREAS OF AUDIT FOCUS

1.1 Introduction

Our role as auditor requires us to conduct an assessment of audit risk in Balwyn Evergreen Centre during the planning and risk identification process and during the audit. In the course of our audit, certain significant areas of audit focus were identified. These have been discussed with management.

We would request that the Board of Directors review the matters detailed below and satisfy themselves that

- there are no other matters that would impact on these issues;
- you concur with the resolution of the issues described below.

1.2 Revenue Recognition

Summary of matter

- The company's revenue is derived primarily from grants and rental property income. The remaining revenue is mostly made up of income from activity fees and investment income.
- Grant income itself, represents 36% of the entity's total income. It is therefore critical that grant income is recognised in accordance with Australian Accounting Standards and the company's accounting policies which are set out on Note 2 (a) of the financial statements.

Audit findings

- From our audit procedures performed, we are satisfied that revenue has been adequately disclosed and recognised within the statement of profit and loss and other comprehensive income.
- We are satisfied that revenue has been treated in accordance with AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers.
- We also direct your attention to the accounting policy in Note 2(a) Revenue and other income, which states the entities accounting policies in relation to the recognition of revenue. We believe that these standards are consistent with the provisions noted under the accounting standards listed above and that they have been correctly applied during the period.

1.3 Investment Portfolio

Summary of matter

- The company has a portfolio of investment managed by Bell Potter Securities Limited.
- Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.
- The Company has a number of strategic investments in listed entities over which they do not have significant influence nor control. The company has made an irrevocable election to classify these equity instrument as fair value through comprehensive income as they are not held for trading purposes.



1. SIGNIFICANT AREAS OF AUDIT FOCUS (cont'd)

- These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). Profit or loss on disposal of investments are included in other comprehensive income and not the profit or loss account.

Audit findings

- From our audit procedures performed, we noted no issues with the report from Bell Potter Securities Limited.
- We found that investments have been accounted for in accordance with AASB 9 Financial Instruments.

2. CORPORATE GOVERNANCE AND OTHER MATTERS

2.1 Accounting Policies, Accounting Estimates and Disclosures

We have completed a disclosure checklist and it appears that accounting policies, accounting estimates and disclosures have been adequately disclosed in the financial statements.

2.2 Audit Adjustments

The audit differences which arose during the course of our audit are detailed in:

Appendix B – year-end audit adjustments

Appendix C – year-end unadjusted audit differences

Management have acknowledged that unadjusted audit differences are not material, individually or in aggregate.

2.3 Compliance with Laws and Any Regulatory Requirements

Management has not advised, and we have not identified any instances during the course of our audit of non-compliance with laws and regulations.

2.4 New Accounting Standards for Application in Future Periods

The AASB has no new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods.

2.5 Disagreements with Management

We have received full cooperation from management and had no unresolved disagreements over the application of Accounting Standards, the scope of our audit or financial statements disclosures.



2. CORPORATE GOVERNANCE AND OTHER MATTERS (cont'd)

2.6 Fraud and Illegal Acts

During our planning discussions and during the course of our audit we considered the potential risks with respect to fraud and illegal acts which we discussed with management and those charged with governance.

Management and those charged with governance have confirmed to the best of their knowledge and belief there have been no instances of fraud or irregularities that have come to their attention during the financial year.

We are not aware of any fraud or illegal acts during our audit.

2.7 Independence

We confirm to the best of our knowledge and belief that the engagement team and Morrrows Audit Pty Ltd have complied with relevant professional ethical requirements and any regulatory requirements regarding auditor independence for this engagement.

Morrrows Audit Pty Ltd has provided the following non-audit services:

- the preparation of the financial statements
- the provision of various audit adjustments during the audit.

We have identified the preparation of financial statements as a potential threat regarding auditor independence and have implemented our firm's internal policies and procedures to ensure that safeguards have been put in place to ensure the above potential threats identified have been addressed:

- financial statements have been prepared using standard templates and have been discussed with you throughout the preparation process
- Audit fees are as disclosed in the notes to the financial statements.



2. CORPORATE GOVERNANCE AND OTHER MATTERS (cont'd)

2.8 Current Year Internal Control and Other Accounting Observations

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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.

During our current audit we found matters which are shown in the summary table below:

Matter	Importance
1. Year-end audit adjustments	Low
2. Account Receivables & Accounts Payables Reconciliation Reports	Low

Please refer to Appendix A for more detailed explanations of the above matters.

2.9 Materiality

The Auditing Standards require the auditor to perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Materiality is the effect that missing or incorrect information has on the information contained within an entity's financial statements. Information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements.

The materiality benchmarks used for this audit are:

Overall materiality:	\$39,000
Performance materiality	\$29,000



Appendix A - Internal Control and Other Accounting Observations

Observation and risk	Recommendation
<p>1. Year-end adjustments by Audit</p> <p>We note that the adjustments for the year are minimal.</p>	<p>Management is commended for ensuring the overall accuracy of the accounting records provided for audit.</p>
<p>2. Account Receivables & Accounts Payables Reconciliation Reports (the Underlying Reports)</p> <p>As part of the audit, we obtained the abovementioned reports from MYOB (the Underlying Reports). When comparing the total balances in the Underlying Reports to the MYOB Trial Balance, we noted out of balance amounts of \$211.72 and \$316.70 respectively.</p> <p>We note that best accounting practice is to:</p> <ul style="list-style-type: none"> • enter all transactions as invoices are received/issued (using the appropriate MYOB functions); and • allocate the receipts/payments against the invoices. • avoid using manual general journals against any receivables and payables account. <p>If the above out of balance amounts are not rectified promptly, there is a risk that the out of balance amount may increase and become material over time.</p>	<p>We recommend that management correct the out of balance amounts in MYOB in FY2024.</p>

The above recommendations are based on best practice and do not ensure that there will be adequate safeguards in place to prevent fraudulent activities from occurring.



Appendix B – Year-End Audit Adjustments

Number	Name	Account No	Debit	Credit
ADJ01	18 Talbot Avenue Improvements	1-1253		-1,462.00
	18 Talbot Avenue Improvements	1-1253		-1,325.00
	Accum Dep'n 18 Talbot Improvem	1-1254		-564.00
	Accum Dep'n 18 Talbot Elect	1-1408		-98.00
	Depreciation 18 Talbot Ave	6-6715	564.00	
	Repairs & Maint - 18 Talbot Av	6-6840	1,462.00	
	Repairs & Maint - 18 Talbot Av	6-6840	1,325.00	
	Depreciation 18 Talbot Ave	6-6860	98.00	
	To adjust for incorrect entries put in MYOB.			
ADJ02	Accum Dep'n - Computer H'ware	1-4020	210.00	
	Depreciation F&F 45 Talbot	6-6705		-210.00
	Reclassification of accumulated depreciation balance.			



Appendix C – Year-End Unadjusted differences

Number	Date	Name	Account No	Debit	Credit
UNADJ01	30/06/2023	Sundry Creditors	2-0510		-9,206.00
	30/06/2023	Wages & Salaries	6-8010	9,206.00	
		being wages to be accrued as at 30 June 2023.			





Balwyn Evergreen Centre

45 Talbot Avenue Balwyn VIC 3013

Phone: 03 9836 9681

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Web: www.balwynevergreen.org.au

Date: 1/11/2023

The Directors

Morrows Audit Pty Ltd

Level 13,

Freshwater Place

2 Southbank Blvd

SOUTHBANK VIC 3006

BALWYN EVERGREEN CENTRE

This representation letter is provided in connection with your audit of the financial report of the abovenamed entity for the year ended 30 June 2023 for the purpose of expressing an opinion as to whether the financial report is presented fairly, in all material respects, in accordance with the Australian Accounting Standards, the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012.

We confirm that:

1 Financial Report

- 1.1 We have fulfilled our responsibilities, as set out in the terms of the audit engagement for the preparation of the financial report in accordance with Australian Accounting Standards, the Corporations Act 2001 and the Australian Charities and not-for profits Commission Act 2012 in particular the financial report is fairly presented in accordance therewith.
- 1.2 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 1.3 Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.

- 1.4 All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- 1.5 We confirm that the effects of uncorrected financial statements misstatement are not material as a whole. A list of these uncorrected misstatements can be seen in Appendix A.
- 1.6 We have considered the type of financial statements to be prepared and as there are no users dependent on general purpose financial statements, we have determined that special purpose financial statements are adequate to meet the needs of the directors.

2. Information Provided

- 2.1 We have provided you with:

- (a) Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
- (b) Additional information that you have requested from us for the purpose of the audit; and
- (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- 2.2 All transactions have been recorded in the accounting records and are reflected in the financial report.

- 2.3 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- 2.4 We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.

- 2.5 We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:

- (a) Management;
- (b) Employees who have significant roles in internal control; or
- (c) Others where the fraud could have a material effect on the financial report.

- 2.6 We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

- 2.7 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
- 2.8 We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the Australian Accounting Standards.
- 2.9 With reference to items 2.5, 2.6, 2.7 and 2.8, we confirm that there were no instances of fraud or non-compliance with laws and regulations noted and that no litigations or claims existed as at the date of the signing of the Directors' Declaration.
- 2.10 We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 2.11 We have provided you with all requested information, explanations and assistance for the purposes of the audit.
- 2.12 We have provided you with all information required by the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012.

3. Other Matters

- 3.1 In accordance with AASB 9 *Financial Instruments*, we confirm that the investments are not held for trading purposes.
- 3.2 We acknowledge our responsibility in respect of the calculation of employee leave provisions such as annual and/or long service leave. Upon an employee's termination or resignation, we understand that it is our responsibility to ensure that the payment of the employee's remaining leave balance(s) is calculated correctly and approved by management.

Yours faithfully,

 Raghu Nadathur

Director

Signed on behalf of the board.

Appendix A – Unadjusted differences

Number	Date	Name	Account No	Debit	Credit
UNADJ01	30/06/2023	Sundry Creditors	2-0510		-9,206.00
	30/06/2023	Wages & Salaries	6-8010	9,206.00	
		being wages to be accrued as at 30 June 2023.			