



FINANCIAL **20** REPORT **21**



Jewish Care (Victoria) Incorporated and Controlled Entities

ARN: A00 407 05X

ABN: 78 345 431 247

Annual consolidated financial report for the financial year ended 30 June 2021

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Committee's Report

The Committee of Management (the Committee) members of Jewish Care (Victoria) Incorporated submit herewith the annual Committee and Financial report of Jewish Care (Victoria) Incorporated and Controlled Entities (collectively, the "Organisation") for the financial year ended 30 June 2021. The Committee members report as follows:

- Mr Jeffrey Appel (OAM) (resigned November 2020)
- Mr Frank Ajzensztat
- Mr Mike Debinski
- Prof Sharon Goldfeld
- Ms Susie Ivany (OAM)
- Mr Adam Joel
- Ms Lisa Kennett
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Ms Simone Szalmuk-Singer
- Mr Reuben Zelwer
- Ms Sharon Gdanski
- Mr Steven Klein (appointed November 2020)
- Mr John Zelcer (co-opted August 2021)*

The above named members held office during and since the end of the financial year unless otherwise stated.

* subject to formal approval at the Annual General Meeting to be held in November 2021.

Principal activities

The principal activities of the Organisation during the financial year ended 30 June 2021 were to promote and provide for the wellbeing of Jewish people in need of care in the State of Victoria and attend to their physical, mental, emotional and spiritual needs.

Review of operations

The Organisation is a not-for-profit entity relying on community support for its activities. The financial report has been prepared on a going concern basis which assumes that the Organisation will be able to meet its obligations as and when they fall due.

The Organisation's current liabilities exceed current assets by \$66,344,350 as at 30 June 2021 (2020: \$76,265,089). This current deficit arises because of the requirement under Australian Accounting Standards to classify Refundable Accommodation Deposits of \$49,349,733 (2020: \$43,770,498) as current liabilities (refer to Note 19 for further details) and due to the existence of current Interest Bearing Loans and Borrowings based on contractual repayment dates of \$72,032,419 (2020: \$48,142,021) (refer to Note 18 for further details).

During the year the impact of the COVID-19 pandemic affected the Organisation's operating results in key locations resulting in reduced residential occupancy levels and service delivery in other parts of the business. The financial impact of increased cost of staffing and the provision of protective personal equipment were well above normal operational levels. In support of the business impact the Organisation qualified for and recognised Government income support from Commonwealth Government grants and programs of \$7,924,481 (2020: \$1,893,825) comprising JobKeeper staff wages \$4,307,175 (2020: \$1,893,825), additional wages to assist staff to work solely at the Organisation \$717,226 (2020: nil), amounts paid to staff to retain them in the Organisation \$860,779 (2020: nil) and COVID-19 related expenditure \$2,039,302 (2020: nil).

Royal Commission into Aged Care Sector

The Royal Commission into Aged Care Quality and Safety (the "Royal Commission") was implemented by the Federal Government in September 2018. The Royal Commission handed down its final report in February 2021, containing 148 recommendations which are wide ranging in nature across the sector.

The Organisation continues to assess the impact of the recommendations with a view that changes need to deliver a sustainable and high-quality aged care sector. The Organisation expects increased regulatory requirements on aged care operators as a result of the findings in addition to changes in the funding models and cost structures of the sector. The Organisation's Committee of Management will continue to manage developments and risks associated with the Royal Commission findings.

Net assets - Movement in net assets is made up of:

	2021	2020
	\$	\$
Opening balance	193,388,660	208,299,692
Add / (Deduct): Surplus/(Deficit) after tax	401,953	(1,357,197)
Add / (Deduct): Revaluation increment/(decrement) in land and buildings	13,731,984	(13,553,835)
Closing balance	207,522,597	193,388,660

Changes in state of affairs

During the current year, the Organisation completed the extension of Gary Smorgon House known as Anne and Eric Smorgon Active Living Centre (July 2020) and the development of the 120 bed senior living precinct in Carnegie (August 2020).

The COVID-19 pandemic continues to affect the Organisation's residential and operating locations and its financial results. This is impacting revenue and has increased cost of staffing and protective personal equipment, which are well above historical operational levels.

The Organisation continues to operate within its cash management policies and its available financing facilities. However, the scale and duration of these conditions remain uncertain and it is also likely that the future earnings, cash flow and financial conditions of the Organisation will continue to be impacted. We also note that the value of the Property, Plant & Equipment recorded in the statement of financial position is determined by reference to fair or market values at 30 June 2021 and such valuations are impacted by assumptions of future performance.

Subsequent events

Refinancing of ANZ External Borrowing Facilities

The Organisation has two external loan facilities agreements totalling \$87.5 million with the ANZ Bank. At 30 June 2021, the facility relating to the Hannah and Darryl Cohen Building in Windsor totalling \$53.9 million is classified as a current liability due to a contractual repayment date of 19 May 2022.

Subsequent to year end, on 20 September 2021 the Organisation formally signed an updated contractual arrangement for the Windsor facility with the ANZ Bank. As a result, all amounts are considered as non-current at the date of signing the financial statements with the repayment date of the Windsor facility being extended to 31 December 2022. There has been no change to the contractual repayment date for the second facility relating to the development at 1 Wahgoo Road Carnegie with repayment due on 13 December 2023.

Available for Sale Assets

The Organisation has properties valued at \$38.1 million treated as available for sale assets at 30 June 2021. Subsequent to year end, in July 2021 the Organisation entered into contracts of sale for two properties totalling \$3.4 million and one property was settled in September 2021 and the other settlement is due in November 2021. In addition, the Organisation received the second deposit of \$1.75 million relating to the sale of the Smorgon Nursing Home at 619 St. Kilda Road Melbourne (Raleigh St). The final settlement amount of \$31.5 million is due to be received on 1 February 2022 in line with contractual arrangements.

All amounts received in relation to these transactions subsequent to 30 June 2021 have been or will be used to repay external borrowings classified as current at 30 June 2021.

Future developments

Disclosure of information regarding likely developments in the operations of the Organisation in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Organisation. Accordingly, this information has not been disclosed in this report.

Indemnification and insurance of Committee members and officers

The Organisation has not, during or since the financial year, in respect of any person who is or has been a Committee member or officer of the Organisation:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as a Committee member or officer, including costs or expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as a Committee member or officer for the costs or expenses to defend legal proceedings, with the exception of the following:

A policy has been contracted with the Victorian Managed Insurance Authority to indemnify Committee members and officers against loss for which they may not be legally indemnified by the Organisation arising out of any claim, by reason of any wrongful act committed by them, in their capacity as a Committee Member or officer, first made against them jointly or severally during the period of insurance and notified to the insurer during the indemnity period.

Further details of the policy, the level of cover and the premium paid cannot be disclosed under the terms and conditions of the contract held with the Victorian Managed Insurance Authority.

Indemnification of auditors

To the extent permitted by law, the Organisation has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Committee's meetings

The following table sets out the number of Committee meetings held during the financial year and the number of meetings attended by each Committee Member (while they were a Committee member). During the financial year 24 Committee meetings were held.

Committee Members	Committee Meetings	
	Eligible to attend	Attended
Mr Jeffrey Appel (OAM) (resigned November 2020)	16	16
Mr Frank Ajzensztat	24	24
Mr Mike Debinski	24	24
Prof Sharon Goldfeld	24	24
Ms Susie Ivany (OAM)	24	24
Mr Adam Joel	24	24
Ms Lisa Kennett	24	24
Mr Michael Schoenfeld	24	24
Mr Andrew Schwartz	24	21
Ms Simone Szalmuk-Singer	24	24
Mr Reuben Zelwer	24	23
Ms Sharon Gdanski	24	23
Mr Steven Klein (appointed November 2020)	8	6

Proceedings on behalf of the Organisation

No person has applied for leave of Court to bring proceedings on behalf of the Organisation or intervene in any proceedings to which the Organisation is party for the purpose of taking responsibility on behalf of the Organisation for all or any part of those proceedings. The Organisation was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Committee.

On behalf of the Committee



Committee Member
Melbourne
30 September 2021



Committee Member
Melbourne
30 September 2021

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2021**

	Note	Consolidated Entity	
		2021 \$	2020 \$
Fees and charges		24,968,724	24,738,327
Government subsidies		39,827,538	35,310,016
Other revenues and income	4	28,003,742	17,432,758
Total revenues		92,800,004	77,481,102
Employee benefits expenses	6	(56,166,159)	(49,747,886)
Depreciation and amortisation expenses	5	(7,750,155)	(4,982,851)
Community development expenses		(2,015,579)	(2,029,446)
External services expenses		(5,593,655)	(4,607,762)
Food expenses		(4,408,636)	(4,748,779)
Repairs, maintenance and cleaning expenses		(3,506,923)	(2,562,554)
Medical and other supplies		(1,821,627)	(882,200)
Consulting expenses		(605,954)	(474,318)
Energy expenses		(996,111)	(923,356)
Administration expenses		(2,724,875)	(2,602,660)
Laundry expenses		(410,960)	(564,359)
Other expenses	8	(1,441,009)	(1,200,626)
Total operating expenses		(87,441,643)	(75,326,797)
Finance costs	7	(4,956,408)	(3,511,502)
Surplus/(Deficit) before tax		401,953	(1,357,197)
Income tax expense	9	-	-
Surplus/(Deficit) after tax		401,953	(1,357,197)
Other comprehensive income			
Other comprehensive income to be reclassified to profit & loss in subsequent periods:		-	-
Other comprehensive income not to be reclassified to profit & loss in subsequent periods:			
- revaluation/(devaluation) of land and buildings	21 (b)	13,731,984	(13,553,835)
Other comprehensive income/(loss) for the year		13,731,984	(13,553,835)
Total comprehensive income/(loss) for the year		14,133,937	(14,911,032)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
as at 30 June 2021**

	Note	Consolidated Entity	
		2021 \$	2020 \$
Current assets			
Cash and cash equivalents	24	5,435,848	7,979,043
Trade and other receivables	10	9,143,743	4,069,617
Financial assets	11	19,297,984	22,867,913
Assets held for sale	12	38,087,900	-
Other assets	15	464,776	245,217
Total current assets		72,430,251	35,161,790
Non-current assets			
Trade and other receivables	10	1,626,901	1,940,008
Other assets	15	701,740	732,813
Property, plant and equipment	13	288,560,249	314,336,512
Intangible assets	14	161,324	282,340
Total non-current assets		291,050,214	317,291,673
Total assets		363,480,465	352,453,463
Current liabilities			
Trade and other payables	16	11,991,079	15,105,012
Provisions	17	5,212,270	4,208,048
Interest-bearing loans and borrowings	18	72,221,519	48,343,321
Refundable accommodation deposits	19	49,349,733	43,770,498
Total current liabilities		138,774,601	111,426,879
Non-current liabilities			
Provisions	17	1,442,350	1,572,975
Interest-bearing loans and borrowings	18	15,740,917	46,064,949
Total non-current liabilities		17,183,267	47,637,924
Total liabilities		155,957,868	159,064,803
Net assets		207,522,597	193,388,660
Equity			
Reserves	21	126,114,312	112,382,328
Accumulated funds		81,408,285	81,006,332
Total equity		207,522,597	193,388,660

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2021**

	Asset revaluation reserve	General reserve	Other reserves	Accumulated funds	Total equity
	\$	\$	\$	\$	\$
Balance at 30 June 2019	121,491,821	1,369,550	3,074,792	82,363,529	208,299,692
Deficit for the year	-	-	-	(1,357,197)	(1,357,197)
Other comprehensive (loss) / income for the year	(13,553,835)	-	-	-	(13,553,835)
Total comprehensive income for the year	(13,553,835)	-	-	(1,357,197)	(14,911,032)
Balance at 30 June 2020	107,937,986	1,369,550	3,074,792	81,006,332	193,388,660
Surplus for the year	-	-	-	401,953	401,953
Other comprehensive income for the year	13,731,984	-	-	-	13,731,984
Total comprehensive income / (loss) for the year	13,731,984	-	-	401,953	14,133,937
Balance at 30 June 2021	121,669,970	1,369,550	3,074,792	81,408,285	207,522,597

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows
for the year ended 30 June 2021**

Note	Consolidated Entity	
	2021	2020
	\$	\$
Cash flows from operating activities		
Receipts from residents and government subsidies	79,159,290	78,106,172
Payments to suppliers and employees	(83,652,101)	(68,646,577)
Interest and dividend received	4 612,857	1,007,814
Interest on lease liabilities	20 (17,368)	21,963
Proceeds from accommodation deposits and bonds held in trust	13,471,183	8,388,607
Repayment of accommodation deposits and bonds held in trust	(7,891,948)	(16,170,349)
Net cash flows from operating activities	1,681,913	2,707,630
Cash flows from investing activities		
Proceeds from disposal of financial assets	5,564,129	4,697,692
Proceeds from disposal of asset held for sale	1,750,000	-
Payments for property, plant and equipment	13 (2,895,409)	(83,424,773)
Purchase of intangibles	14 (25,483)	(139,524)
Net cash flows from / (used in) investing activities	4,393,237	(78,866,605)
Cash flows from financing activities		
Net (Repayments of) / Proceeds from borrowings	(6,445,834)	70,104,705
Payment for principal on lease liabilities	20 (200,841)	(203,152)
Payment of interest expense on borrowings	(1,971,670)	(494,250)
Net cash flows (used in) / from financing activities	(8,618,345)	69,407,303
Net (decrease) / increase in cash and cash equivalents	(2,543,195)	(6,751,672)
Cash and cash equivalents at the beginning of the year	7,979,043	14,730,715
Cash and cash equivalents at the end of the year	5,435,848	7,979,043

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1. Corporate information

The consolidated financial statements of Jewish Care (Victoria) Incorporated and its controlled entities (collectively, the "Organisation") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Committee members on 30 September 2021.

Jewish Care (Victoria) Incorporated (the parent) is a "not-for-profit" entity, incorporated in Australia under the *Associations Incorporation Reform Act 2012* (and its associated regulations). The Organisation's principal place of business is:

619 St Kilda Road
Melbourne, Victoria 3004
Australia

The nature of the operations and principal activities of the Organisation are described in the Committee's report.

2. Summary of significant accounting policies

2.1 Basis of preparation and going concern

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Associations Incorporation Reform Act 2012* (and its associated regulations), Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Organisation is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Organisation are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – *Reduced Disclosure Requirements* (AASB – RDRs).

The financial report has also been prepared on a historical cost basis, except for land and buildings and investment financial assets which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest \$, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

The financial report has been prepared on a going concern basis which assumes the Organisation will be able to meet its obligations as and when they fall due.

The Organisation's current liabilities exceed current assets by \$66,344,350 as at 30 June 2021 (2020: \$76,265,089). This current deficit arises because of the requirement under Australian Accounting Standards to classify Refundable Accommodation Deposits of \$49,349,733 (2020: \$43,770,498) as current liabilities (refer to Note 19 for further details) and due to the existence of current Interest Bearing Loans and Borrowings based on contractual repayment dates of \$72,032,419 (2020: \$48,142,021) (refer to Note 18 for further details).

The Organisation has two external loan facilities agreements totalling \$87.5 million with the ANZ Bank. At 30 June 2021, the facility relating to the Hannah and Darryl Cohen Building in Windsor totalling \$53.9 million is classified as a current liability due to a contractual repayment date of 19 May 2022.

Subsequent to year end, on 20 September 2021 the Organisation formally signed an updated contractual arrangement for the Windsor facility with the ANZ Bank. As a result, all amounts are considered as non-current at the date of signing the financial statements with the repayment date of the Windsor facility being extended to 31 December 2022. There has been no change to the contractual repayment date for the second facility relating to the development at 1 Wahgool Road Carnegie with repayment due on 13 December 2023.

Refundable accommodation deposits are classified as current as they are repayable on demand and form the basis of long term funding. Over time the assumption is that when a payment is made for a departing refundable accommodation deposit or bond a new deposit is received from a resident who has been admitted shortly afterwards.

As detailed in Note 12, the Organisation has also entered into a number of transactions subsequent to 30 June 2021 relating to assets classified as Available for Sale at 30 June 2021. Contracts of sale for two properties totalling \$3.4 million were entered into in July 2021 and one property was settled in September 2021 and the other settlement is due in November 2021.

In addition, the Organisation received the second deposit of \$1.75 million relating to the sale of the Smorgon Nursing home. The final amount of \$31.5 million is due to be received on 1 February 2022 in line with the contractual arrangements. All amounts received subsequent to 30 June 2021 have or will be used to repay external borrowings classified as current.

The Organisation continues to perform and undertake cash flow forecasting that demonstrates the Organisation has sufficient cash reserves and if required, availability to alternate sources of funding for a period of at least 12 months from the date of the approved financial report.

Based on the above information, the Committee of the Organisation considers the preparation of the 30 June 2021 annual consolidated financial report on a going concern basis is appropriate.

2.2 Statement of Compliance

The Organisation is a not-for-profit, private sector entity that is not publicly accountable as defined under Appendix A of AASB 1053 *Application of Tiers of Australian Accounting Standards*. Therefore the consolidated financial statement for the Organisation are Tier 2 General Purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the *Australian Accounting Standards Board* (AASB) and the *Associations Incorporation Reform Act 2012* (and its associated regulations).

2.3 Accounting standards and interpretations

(i) Adoption of new accounting standards

There were no new accounting standards adopted during the year that had a material impact on the Organisations financial statements.

(ii) Other standards issued but not yet effective / adopted and other potential accounting policy changes

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. In summary, an entity should evaluate whether a cloud computing arrangement provides the customer a resource that it can control and an entity should expense the costs of configuring or customising the supplier's application software where control is not obtained.

The Organisation is currently assessing the impact of the agenda decision on its current accounting policy and the process to quantify the impact of the decision is ongoing. Given the immaterial nature of software balances associated with the Organisation, it is expected the interpretation will not have a material impact on the financial statements.

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Organisation has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the

Organisation's financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of Business (Amendments to AASB 3).
- Definition of Material (Amendments to AASB 101 and AASB 108)
- AASB 17 Insurance Contracts.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Organisation's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the Organisation's disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 30 June 2021 are included in the following notes:

- Note 2.1 – Going concern
- Note 3(d) – Revenue recognition
- Note 10 – Allowance for expected credit losses
- Note 11 – Financial assets
- Note 12 – Assets held for sale
- Note 13 – Property, plant and equipment (including fair value measurement)
- Note 17 – Provisions
- Note 18 – Interest bearing loans and borrowings
- Note 20 – Leases

3. Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements for the year ended 30 June 2021:

(a) Basis of consolidation

A controlled entity is any entity controlled by Jewish Care (Victoria) Incorporated. The consolidated financial statements comprise the financial statements of the Organisation and its subsidiaries as at 30 June 2021. Control is achieved when the Organisation

is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Organisation controls an investee only if the Organisation has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Details of the controlled entities are contained in Note 23.

All inter-organisation balances and transactions between entities in the Organisation, including any unrealised profits or losses, have been eliminated on consolidation. Where a controlled entity has entered or left the Organisation during the year its operating results have been included from the date control was obtained or until the date control ceased.

(b) Current versus non-current classification

The Organisation presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

(c) Fair value measurement

The Organisation measures financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Organisation. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Organisation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within fair value, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Organisation has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of fair value, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3, 10, 13, 21(b), 25

- Quantitative disclosures of fair value measurement Note 26
- Property, plant and equipment under revaluation model Notes 3(i), 13, 21(b)
- Financial instruments (including those carried at amortised cost) Notes 3(m), 3(n), 3(o)

(d) Revenue recognition

AASB 15 *Revenue from Contracts with Customers* applies to all revenue arising from contracts with customers unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue recognised at an amount that reflects consideration to which an entity expects to be entitled in exchange for transferring good or services to a customer.

The Standard requires the Organisation to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contacts with their customers.

The transaction price is allocated to performance obligations based on the relative standalone selling process and recognised as revenue accordingly as those performance obligations are satisfied over time each day as the customer (or resident) simultaneously receives and consumes the benefits provided by the Organisation.

The provision of care to a resident is a single performance obligation. All performance obligations are considered to be met on a daily basis and therefore the organisation does not have any outstanding performance obligations that have not been met at reporting date.

Other services such as additional services (in room services) and accommodation charges contain a number of different performance obligations. The Organisation has applied the practical expedient not to disclose the transaction price allocation to unperformed performance obligations.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Organisation has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Total revenue also includes the provision of accommodation, that is accounted for under AASB 16 Leases. Following the adoption of AASB 16 on 1 July 2019, other revenue includes an imputed non-cash charge for accommodation in respect of residents who have chosen to pay a refundable accommodation deposit or bond. The Maximum Permissible Interest Rate (MPIR) is the interest rate used in the calculation in respect of the imputed non-cash accommodation charge. Refer to Note 20 for further details.

Bequests and donations

Bequests and donations received that do not have stringent and legally enforceable spending requirements are recognised as revenue when received.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of the service to the residents and clients.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate,

to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividends

Revenue is recognised when the Organisation's right to receive the payment is established, which is generally when shareholders approve the dividend.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 applies when an NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. It is anticipated that some grant agreements which were previously recognised immediately on receipt, may be able to be deferred as the performance obligation is satisfied.

(e) Government grants

Government grants are recognised as income where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Organisation receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, the Organisation recognised Government Grant Income. These grant funds were committed towards the paying of JobKeeper staff wages, additional wages to assist staff to work solely at the Organisation, amounts paid to staff to retain them in the Organisation and COVID-19 related expenditure. The Organisation recognised the income on a gross basis and the payroll and related expenses have been recognised in employee benefits expense.

(f) Income taxes

Jewish Care (Victoria) Incorporated is a recognised Public Benevolent Institution and its controlled entities are exempt charitable trusts under the provisions of the *Income Tax Assessment Act 1997* (as amended) and are therefore not subject to income taxes at this time. Accordingly, no income tax has been provided for the Organisation in these financial statements.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or for receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority, is classified within operating cash flows.

(h) Foreign currencies

The Organisation's consolidated financial statements are presented in Australian dollars, which is also the parent entity's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Organisation at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

(i) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Organisation depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of property, plant and equipment shall be measured initially at cost. Where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition.

For items of property, plant and equipment subsequently measured under the Revaluation model; if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses at net revaluation decrease of the same class of assets previously recognised in profit or loss. On the other hand, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of assets. Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be offset in respect of assets in different classes.

Land and buildings

Land and buildings forming part of the entity's future direction are measured on the fair value basis, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the policy of the Organisation to have an independent valuation performed every three years, with annual appraisals reviewed and endorsed by the Committee, unless there is an identifiable significant change in market conditions.

The Organisation views the carrying amounts of land and buildings as one asset class as per AASB 116. In the situation if the market value is above its carrying amount, any net revaluation increment arising is credited to the asset revaluation reserve, except where a net revaluation decrement has previously been recognised as an expense for that particular class of assets, in which case the net revaluation increment is recognised as revenue, but only to the extent of the previous revaluation decrement.

Any net revaluation decrement arising is recognised as an expense for the period, except where a credit balance exists in the asset revaluation reserve for that particular class of assets, in which case the net revaluation decrement is debited to the reserve, but only to the extent of the previous revaluation increment.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Buildings under construction represent the accumulated cost of materials and any other costs incurred relating to the construction. These costs, amongst others, include labour, import duties, installation, assembly and professional fees incurred to bring the asset to the location and condition needed for it to operate in the manner intended by management. When the construction is completed

and the assets are ready for its intended use, these costs are then transferred to the relevant accounts and subject to the fair value revaluations policy. Depreciation of these assets commence when they are available for use and is computed using the straight-line method.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount is reviewed by the Committee to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employed and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over the useful lives of the assets to the Organisation commencing from the time the asset was held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	4.0 %	Straight Line
Furniture fixtures and fittings	10.0 %	Straight Line
Computer equipment	33.3 %	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated funds.

(j) Leases

AASB 16 requires lessees to account for leases which results in the organisation recognising a right of use ("ROU") asset and a corresponding lease liability for all leases with a term greater than 12 months, excluding assets acquired at a low level. Upon adoption of AASB 16, the Organisation has recognised lease liabilities for all its leases with terms greater than one year, measured at the present value of the future remaining leases payments, discounted using an incremental borrowing rate of between 3.07% and 3.25% for each lease from 1 July 2020.

ROU assets for leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of the incremental borrowing rate at the date of the initial application in based on the remaining lease term. ROU assets are then depreciated on a straight-line basis over the lease term.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Organisation as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Organisation is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Organisation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Organisation as a lessor

Leases in which the Organisation does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Organisation classified leases as an operating or financial lease based on whether substantially all of the risks and rewards are transferred to the lessee.

Where residents have chosen a Residential Accommodation Deposit (RAD) or Bond arrangement, the Organisation has determined AASB 16 defines these arrangements to be a lease for accounting purposes with the Organisation acting as a lessor. For residents that have adopted to pay Daily Accommodation Payments (DAP), the Organisation has determined AASB 16 will not have a material change to the existing accounting treatment.

Under a RAD or Bond arrangement, the Organisation has recognised a non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement. The accounting treatment required a non-cash increase on revenue for accommodation and a non-cash increase in financial cost on the outstanding RAD liability, with no net impact on the result for the year.

The imputed non-cash charge for the year ended 30 June 2021 for the provision of accommodation that is accounted in accordance with AASB 16 (refer note 4) was calculated based on applying the Maximum Permissible Interest Rate as at the date the resident was admitted for the period from when the RAD or Bond was received up to the date the balance was refunded. If the balance remained outstanding as at 30 June 2021 then the calculation was completed up to this date.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Software

The cost of computer software is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software is amortised on a straight-line basis over 3 years after it is commissioned.

(m) Financial assets

Initial recognition and measurement

AASB 9 categorises financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). These supersede AASB 139's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL.

The Organisation measures at fair value or amortised cost, all financial assets previously held at fair value or amortised cost. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Organisation commits to purchase or sell the asset.

The Organisation has designated their investment portfolio at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 10.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Organisation's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- The Organisation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Organisation has transferred substantially all the risks and rewards of the asset, or (b) the Organisation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Organisation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Organisation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Organisation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Organisation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Organisation could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3)
- Financial assets (Note 11, 25)
- Trade receivables (Note 10)

The Organisation assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Organisation first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Organisation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Organisation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Organisation's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The EIR Organisation has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Organisation. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(o) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3)
- Property, plant and equipment (Note 13)
- Intangible assets (Note 14)

The Organisation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Organisation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Organisation bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Organisation's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Organisation estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

(q) Provisions

General

Provisions are recognised when the Organisation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Organisation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring and redundancy provisions

Restructuring provisions are recognised only when the Organisation has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features. In the event that this leads to any redundancies, adequate provisions are made in accordance with the relevant accounting standard.

Salaries and wages

Liabilities for salaries and wages, including non-monetary benefits are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. The Organisation has re-evaluated employees length of service and experience in accordance with the Enterprise Agreements and has recognised a liability for salaries and wages for pay point progression to be settled wholly within the next 12 months, for those employees qualifying under this provision.

Long service leave and annual leave

The Organisation does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The liability for long service leave and annual leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Refundable accommodation deposits

Refundable Accommodation Deposits ("RADs") are accommodation bonds or deposits received from incoming residents which are held in trust for each individual resident and recognised as a current liability at the amount that would be payable upon discharge of the resident. This is the amount received on entry of the resident less deductions for fees/retentions from each RAD account according to the statutory requirements. These liabilities are considered to be current as the Organisation does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

(s) Operating cash flow

Daily inflows and outflows of refundable accommodation deposits are considered by the Organisation to be a normal part of the operations of the business and are utilised at the discretion of the Organisation within the guidelines set out by the Prudential Compliance Standards and are therefore classified as an operating activity.

(t) Comparatives

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

(u) Assets held for sale

The Organisation classifies non-current assets as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use and a sale is considered highly probable in accordance with criteria specified in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Such non-current assets are held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Assets held for sale (Note 12) have been classified as current assets as they are expected to be sold in the next 12 months.

	2021	2020
	\$	\$
4. Revenue		
Other revenues and income		
Donations	1,115,920	1,736,048
Bequests	7,096,312	1,788,211
General appeals	3,918,796	3,460,646
Capital appeal	1,928,783	5,405,033
Government grants	7,924,481	1,893,825
Imputed revenue on RAD and Bond balances (Note 20)	2,984,738	3,017,252
Interest and dividend income	612,857	1,007,814
Fair value gain (loss) on investments	1,994,200	(1,152,132)
Other	427,655	276,061
Total other revenues and income	28,003,742	17,432,758
5. Depreciation and amortisation of non-current assets		
Computer equipment (Note 13)	(576,140)	(283,620)
Buildings (Note 13)	(5,712,524)	(2,133,080)
Right-of-use assets (Note 13, 20)	(192,468)	(190,663)
Software (Note 14)	(146,499)	(454,489)
Motor vehicle (Note 13)	(1,517)	-
Furniture, fixtures, fittings (Note 13)	(1,121,007)	(1,920,999)
Total depreciation and amortisation	(7,750,155)	(4,982,851)
6. Employee benefits expenses		
Salaries, wages and related costs	(51,535,659)	(45,861,273)
Superannuation	(3,853,862)	(3,396,868)
WorkCover expenses	(776,638)	(489,745)
Total employee benefits expenses	(56,166,159)	(49,747,886)
7. Finance costs		
Interest expense on interest-bearing loans	(1,954,302)	(472,287)
Imputed finance cost on RAD and Bond balances (Note 20)	(2,984,738)	(3,017,252)
Interest expense on lease liabilities (Note 20)	(17,368)	(21,963)
Total finance costs	(4,956,408)	(3,511,502)
8. Other expenses		
Security services expenses	-	(8,146)
Travel and motor vehicle expenses	(711,907)	(602,239)
Rates and insurance expenses	(632,625)	(400,581)
Other expenses	(96,477)	(189,660)
Total other expenses	(1,441,009)	(1,200,626)

9. Income taxes

Jewish Care (Victoria) Incorporated is a recognised Public Benevolent Institution and the controlled entities are exempt charitable trusts under the provisions of the Income Tax Assessment Act 1997 (as amended) and are therefore not subject to income taxes at this time. Accordingly, no income tax has been provided for the Organisation in these financial statements.

	2021	2020
	\$	\$
10. Trade and other receivables		
Current		
Trade debtors	1,726,327	1,442,651
Allowance for expected credit losses	(502,744)	(289,010)
	1,223,583	1,153,641
Goods and services tax recoverable	161,786	458,837
Other debtors	215,168	438,397
Accrued income	182,140	2,018,742
Claims Conference funding receivable	7,361,066	-
	9,143,743	4,069,617
Non-current		
Loan debtors	1,764,610	2,221,167
Allowance for expected credit losses	(137,709)	(281,159)
	1,626,901	1,940,008
As at 1 July 2020	(570,169)	(211,879)
Charge for the year	(108,211)	(378,306)
Written off during the year	37,927	20,016
As at 30 June 2021	(640,453)	(570,169)

The estimated ECL (Expected Credit Losses) for the Organisation's trade and other receivables is calculated by recognising an ECL provision on initial recognition of the financial instrument equal to expected credit losses within the next 12 months. If credit risk on the asset later increases significantly, the ECL provision is increased to include lifetime expected credit losses. The Organisation has measured the ECL performing an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes also taking into account current conditions and forecasts of future economic outcomes. The ECL provision amount has considered a forward-looking adjustment taking into account any likelihood of a clients probability of default.

	2021	2020
	\$	\$
11. Financial assets		
Financial investments - fair value through profit and loss	18,113,162	21,683,592
Term deposits	1,184,822	1,184,321
	19,297,984	22,867,913

Jewish Care (Victoria) Incorporated and Controlled Entities
Notes to the consolidated financial statements

	2021	2020
	\$	\$
12. Assets held for sale		
Assets held for resale	38,087,900	-
	38,087,900	-

	2021	2020
	\$	\$
As at 1 July 2020	-	-
Transfer from property, plant & equipment	34,800,000	-
Transfer of bequeathed properties	3,287,900	-
As at 30 June 2021	38,087,900	-

Subsequent to year end, in July 2021 the Organisation entered into contracts of sale for two properties totalling \$3.4 million and one property was settled in September 2021 and the other settlement is due in November 2021. In addition, the Organisation received the second deposit of \$1.75 million relating to the sale of the Smorgon Nursing Home at 619 St. Kilda Road Melbourne (Raleigh St). The final settlement amount of \$31.5m is due to be received on 1 February 2022 in line with contractual arrangements.

	2021	2020
	\$	\$
13. Property, plant and equipment		
Land and buildings at fair value	297,302,847	272,861,555
Accumulated depreciation	(19,276,378)	(13,563,782)
	278,026,469	259,297,773

Buildings under construction	502,285	46,813,907
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Right-of-use assets	628,723	846,227
Accumulated depreciation	(192,468)	(190,663)
	436,255	655,564

Furniture and fittings	18,116,802	15,173,447
Accumulated depreciation	(9,958,984)	(8,697,245)
	8,157,818	6,476,202

Motor vehicle	37,918	-
Accumulated depreciation	(1,517)	-
	36,401	-

Computer equipment	5,282,996	4,398,901
Accumulated depreciation	(3,881,975)	(3,305,835)
	1,401,021	1,093,066

Total property, plant and equipment	288,560,249	314,336,512
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Jewish Care (Victoria) Incorporated and Controlled Entities
Notes to the consolidated financial statements

	Land and buildings at fair value	Buildings under construction at cost	Right-of-Use Assets	Motor vehicle at cost	Furniture and fittings at cost	Computer equipment at cost	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2020	259,297,773	46,813,907	655,564	-	6,476,202	1,093,066	314,336,512
Balance at 1 July 2020	259,297,773	46,813,907	655,564	-	6,476,202	1,093,066	314,336,512
Additions	-	212,782	-	37,918	1,819,055	884,095	2,953,850
Disposals	-	-	(26,841)	-	(49,859)	-	(76,700)
Revaluation of land & buildings	13,731,984	-	-	-	-	-	13,731,984
Transfers	45,509,236	(46,524,404)	-	-	1,015,168	-	-
Transfer to Assets Held For Sale (Note 12)	(34,800,000)	-	-	-	-	-	(34,800,000)
Depreciation on disposal	-	-	-	-	18,259	-	18,259
Depreciation expense	(5,712,524)	-	(192,468)	(1,517)	(1,121,007)	(576,140)	(7,603,656)
Balance at 30 June 2021	278,026,469	502,285	436,255	36,401	8,157,818	1,401,021	288,560,249

Revaluation of land and buildings

As per the requirements of AASB 116 *Property, Plant & Equipment*, land and building are grouped as a separate asset class. Fair value is the amount that would be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction. As the Organisation is a not-for-profit entity, fair value increments and decrements for property, plant and equipment can be recognised on a net basis across the asset class.

As at 30 June 2021, fair value is based on a combination of certain external valuations performed by Knight Frank (an accredited independent valuer) who have experience valuing land and buildings (including residential facilities), in addition to appraisals performed by the Organisation that have been reviewed and assessed by the Committee.

External and internal valuations use assumptions and judgements in relation to future matters and currently these assumptions (and in effect market movements in property values) may be impacted by the impact of the COVID-19 pandemic. Significant valuation uncertainty clauses included within the external valuations are consistent with the guidelines issued by the Australian Property Institute and highlight that while valuations can be relied upon at 30 June 2021, there is market uncertainty and limited comparable transactions to provide a guide. Market caution should be attached to the valuation due to the impacts of the COVID-19 pandemic and there is a potential for significant and unexpected movements in value over a relatively short period of time.

A net revaluation increment/(decrement) to land and buildings of \$13,731,984 (2020 (\$13,553,835)) was recognised in Other Comprehensive Income.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 26.

14. Intangible assets

	2021	2020
	\$	\$
Software	2,878,455	2,852,972
Accumulated depreciation	(2,717,131)	(2,570,632)
Total Intangible assets	161,324	282,340

Jewish Care (Victoria) Incorporated and Controlled Entities
Notes to the consolidated financial statements

	Total \$
Balance at 30 June 2020	282,340
Additions	25,483
Transfers	-
Amortisation expense	(146,499)
Balance at 30 June 2021	161,324

	2021 \$	2020 \$
15. Other assets		
Current		
Prepayments and deposits	464,776	245,217
Total Other assets	464,776	245,217

	2021 \$	2020 \$
Non-current		
Prepayments and deposits	701,740	732,813
Total Other assets	701,740	732,813

	2021 \$	2020 \$
16. Trade and other payables		
Trade payables	5,029,560	8,226,737
Sundry payables and accruals	5,745,460	4,073,509
Commonwealth funded home care packages	1,216,059	1,733,276
Claims Conference funding payable	-	1,067,342
Resident funds	-	4,148
	11,991,079	15,105,012

Commonwealth funded home care packages include funds received from the Commonwealth Government that have not yet been utilised by clients under the Consumer Directed Care (CDC) model of home care.

The average credit period on purchases of goods and services is 30 days. Specific suppliers may choose to charge interest if the payable is not paid within their credit timeframe. The continuous monitoring of cash flow ensures that payables are paid within the required credit timeframes.

	2021 \$	2020 \$
17. Provisions		
Current		
Employee benefits	5,212,270	4,208,048
Non-current		
Employee benefits	1,442,350	1,572,975

Provision is made for the Organisation's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits includes annual leave and long service entitlements. Benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Jewish Care (Victoria) Incorporated and Controlled Entities
Notes to the consolidated financial statements

	2021 \$	2020 \$
18. Interest-bearing loans and borrowings		
Current		
Secured liabilities		
Lease liabilities	189,100	201,300
Bank loans	72,032,419	48,142,021
Total Interest-bearing loans and borrowings	72,221,519	48,343,321

	2021 \$	2020 \$
Non-current		
Secured liabilities		
Lease liabilities	274,574	463,738
Bank loans	15,466,343	45,601,211
Total Interest-bearing loans and borrowings	15,740,917	46,064,949

	2021 \$	2020 \$
(a) Bank loan agreements		
Total cash advance as per loan agreements	87,498,762	98,990,426
Amount utilised	(87,498,762)	(93,743,232)
Remaining available loan funds	-	5,247,194

Refinancing of ANZ External Borrowing Facilities

The Organisation has two external loan facilities agreements totalling \$87.5 million with the ANZ Bank. At 30 June 2021, the facility relating to the Hannah and Darryl Cohen Building in Windsor totalling \$53.9 million is classified as a current liability due to a contractual repayment date of 19 May 2022.

Subsequent to year end, on 20 September 2021 the Organisation formally signed an updated contractual arrangement for the Windsor facility with the ANZ Bank. As a result, all amounts are considered as non-current at the date of signing the financial statements with the repayment date of the Windsor facility being extended to 31 December 2022. There has been no change to the contractual repayment date for the second facility relating to the development at 1 Wahgoo Road Carnegie with repayment due on 13 December 2023.

The bank facilities are secured by a first registered mortgage over certain freehold land and buildings of the Organisation.

	2021 \$	2020 \$
19. Refundable accommodation deposits		
Refundable accommodation deposits	49,349,733	43,770,498
	49,349,733	43,770,498

Refundable accommodation deposits (RADs) are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the *Aged Care Act 1997*. Providers must pay a base interest rate on all refunds on RADs within legislated timeframes and must pay a penalty on refunds made outside legislated timeframes. RAD balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the *Aged Care Act 1997*.

RAD refunds are guaranteed by the Commonwealth Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund RAD balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. This is updated by the Organisation on a quarterly basis.

While refundable accommodation deposits are classified as a current liability given the possible timeframe for repayment of an individual RAD, it is unlikely that the RAD liability will be significantly reduced over the next twelve months. However, as the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, it is classified as a current liability in accordance with the accounting standard AASB 101 *Presentation of Financial Statements*.

20. Leases

Organisation as a lessee: The Organisation has lease contracts for motor vehicles and other equipment with lease terms ranging between 2 to 5 years. Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period.

	Motor Vehicles \$	Office equipment \$	Total \$
Balance at 1 July 2020	562,290	93,274	655,564
Additions	(34,979)	8,138	(26,841)
Depreciation expense	(132,556)	(59,912)	(192,468)
Balance at 30 June 2021	394,755	41,500	436,255

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2021 \$
Balance at 1 July 2020	665,038
Additions	(17,891)
Accretion of interest	17,368
Payments	(200,841)
Balance at 30 June 2021	463,674
Current	189,100
Non-current	274,574

Organisation as a lessor: For residents that have chosen a Refundable Accommodation Deposit (RAD) or Bond arrangement, the Organisation has determined that the adoption of AASB 16 will define these arrangements to be a lease for accounting purposes with the Organisation acting as a lessor. This includes operating lease revenue which is recognised on a straight-line basis over the length of stay. The imputed revenue in relation to residents who have chosen to pay a RAD or Bond is included in Other revenue. This is a non-cash amount.

The imputed non-cash accommodation charge for the year ended 30 June 2021 was calculated based on applying the Maximum Permissible Interest Rate as at the date the RAD or Bond balance was received up to the date the balance was refunded. If the balance remained outstanding as at 30 June 2021 then the calculation was completed up to this date.

	2021 \$	2020 \$
Imputed revenue on RAD and Bond balances	2,984,738	3,017,252
Imputed finance cost on RAD and Bond balances	(2,984,738)	(3,017,252)

21. Reserves

	2021 \$	2020 \$
General reserve (a)	1,369,550	1,369,550
Asset revaluation reserve (b)	121,669,970	107,937,986
Other reserves (c)	3,074,792	3,074,792
	126,114,312	112,382,328

(a) General reserve

Balance at the beginning and the end of the financial year	1,369,550	1,369,550
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The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

(b) Asset revaluation reserve

	2021 \$	2020 \$
Balance at the beginning of the year	107,937,986	121,491,821
Revaluation/(Devaluation) of land & buildings	13,731,984	(13,553,835)
Balance at the end of the year	121,669,970	107,937,986

The asset revaluation reserve arises on the revaluation of land and buildings. Where land or buildings are sold, that portion of the asset revaluation reserve, which relates to that asset, and is effectively realised, is transferred directly to accumulated funds.

(c) Other reserves

	2021 \$	2020 \$
Balance at the beginning and the end of financial year	3,074,792	3,074,792

Other reserves represent donations received from Montefiore Home for the Aged Foundation Inc. (The Foundation) for the Organisation with the following conditions attached.

Commitments - Montefiore Home for the Aged Foundation Inc. (The Foundation)

The merger of the former Montefiore Homes for the Aged Incorporated and Jewish Community Services Incorporated to create Jewish Care (Victoria) Incorporated (JCV) led to the winding up of the former Foundation. It was recognised prior to the winding up that some donations were made to the Foundation for certain specific purposes and although it was not a requirement of the winding up of the Foundation that the monies be used for the specific purpose, the Foundation and JCV agreed that it would be appropriate to fulfil in spirit the conditions attached to the specific purpose donations by obliging JCV to dedicate funds to the specific purposes on an ongoing basis.

Therefore, certain funds included in investments can only be used for specific purposes. The conditions for the specific purpose donations have been met by JCV for the year ended 30 June 2021.

22. Commitments for expenditure

Capital expenditure commitments

	2021 \$	2020 \$
Not more than 1 year	670,000	10,963,652
More than 1 year and not more than 5 years	-	-
	670,000	10,963,652

At 30 June 2021, the Organisation has committed to a capital improvement at 619 St Kilda Road Melbourne.

The Organisation has pledged 619 St. Kilda Road Melbourne as collateral to the bank for the loan agreement.

23. Controlled Entities

Name of entity	Country of Incorporation	Ownership interest	
		%	%
Parent entity			
Jewish Care (Victoria) Incorporated	Australia	0	0
Subsidiaries			
The Melbourne Jewish Aid Society Incorporated	Australia	100	100

Principal activities of The Melbourne Jewish Aid Society Incorporated include the provision of assistance to distressed, unemployed or needy Jewish persons in the State of Victoria with the grant of interest free loans.

	2021	2020
	\$	\$
24. Cash and cash equivalents		
Cash on hand	8,419	8,419
Cash at bank	5,427,429	7,970,624
	5,435,848	7,979,043

The Organisation has bank overdraft facilities organised with ANZ Bank up to \$2.0 million at 30 June 2021. (2020: \$2.0 million). None of the facility was used as at balance date.

	2021	2020
	\$	\$
25. Financial assets and financial liabilities		
25.1 Financial assets		
Cash and cash equivalents	5,435,848	7,979,043
Loans and receivables	10,770,644	6,009,625
Held to maturity investments	1,184,822	1,184,321
Financial Investments	18,113,162	21,683,593
	35,504,476	36,856,582
	2021	2020
	\$	\$
25.2 Financial liabilities		
Trade and other payables	11,991,079	15,105,012
Loans and borrowings	87,498,762	93,743,232
Lease liabilities	463,673	665,038
Refundable accommodation deposits	49,349,733	43,770,498
	149,303,247	153,283,780

25.3 Financial risk management objectives and policies

(a) Foreign Currency Risk

The Organisation did not undertake transactions denominated in foreign currencies during the year for the provision of services to clients funded by overseas Organisation(s).

(b) Interest Rate Risk

The Organisation is exposed to interest rate risk as it invests at both fixed and variable interest rates. The risk is managed by adopting a conservative approach with regards to long and short-term investment strategies.

26. Fair value measurement

The following table provides the fair value measurement of the Organisation's assets and liabilities. External valuations use assumptions made in relation to future matters and currently assumptions (and in effect market movements in property values) may be exacerbated by the COVID-19 pandemic. Uncertainty remains in relation to the full impact on fair values in the future. As the Organisation is a not-for-profit entity, fair value increments and decrements for property, plant and equipment can be recognised on a net basis across the asset class.

Fair value measurement for assets as at 30 June 2021:

	Date of last External Valuation	2021 \$
Residential aged care properties (and associated land)	30 June 2021	135,791,518
Residential aged care properties	30 June 2020	97,790,117
Community housing properties	30 June 2021	15,330,000
Community housing properties	30 June 2020	11,900,000
Respite facility property	30 June 2019	5,994,834
Supported accommodation properties	30 June 2021	11,220,000

Fair value measurement for assets as at 30 June 2020:

	Date of Valuations	2020 \$
Residential aged care properties	30 June 2020	258,518,499
Community housing properties	30 June 2020	28,065,500
Respite facility property	30 June 2019	6,097,417
Supported accommodation properties	30 June 2020	10,406,330

27. Related party transactions

Note 23 provides information about the Organisation's structure, including details of subsidiaries. There were no transactions and outstanding balances that have been entered into with related parties for the relevant financial year.

The table below discloses the compensation recognised as an expense during the reporting period to key management personnel.

	2021 \$	2020 \$
Key management personnel compensation	2,205,892	1,882,356

There were no Committee Members or other members of key management personnel that had control over the economic entities operations.

There were no transactions with, or loans to and from, key management personnel.

Mr Jeffrey Appel (OAM) in his capacity as a member of the Committee of Management (resigned November 2020) is also a principal of SBA Law which provided pro-bono legal services to the Organisation during the year.

Key management personnel compensation

No salaries, compensations or other benefits were paid or are payable to the Members in their capacity as Board Members.

Committee of Management

Details of the Committee of Management are listed below. All members of the Committee of Management held office during the period in an honorary capacity.

- Mr Jeffrey Appel (OAM) (resigned November 2020)
- Mr Frank Ajzensztat
- Mr Mike Debinski
- Prof Sharon Goldfeld
- Ms Susie Ivany (OAM)
- Mr Adam Joel
- Ms Lisa Kennett
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Ms Simone Szalmuk-Singer
- Mr Reuben Zelwer
- Ms Sharon Gdanski
- Mr Steven Klein (appointed November 2020)

28. Contingent Liabilities

- (a) At times the Organisation is subject to actual and possible claims arising from either the normal course of business or from historical matters relating to the operations of predecessor organisations. As of 30 June 2021, the Committee Members have reviewed all known claims in detail assessing the need for accounting recognition or disclosure. Having regard to all known factors at this time, the Committee Members are of the opinion that based on information currently available there is no material exposure to the Organisation arising from these claims.
- (b) Included in the Property, plant & equipment balances in Note 13 is residual land at 619 St. Kilda Road Melbourne. The land has been subject to an external valuation at 30 June 2021 and is recorded under the fair value principle of market participants considering an asset "highest and best use". The title to the land has an encumbrance that may be amended by the Minister for Finance in the Victorian State Government. If the land were to be sold or transferred to an external party, it is likely an amount would be payable to the State Government of Victoria under the approval arrangements. No amounts have been recorded or provided in relation to any amounts as the Organisation has no plans to dispose of the asset at 30 June 2021 and an obligation to make any payment does not exist.

29. Subsequent events

Refer to Notes 12 and 18 that detail matters that have occurred subsequent to 30 June 2021 and before the date of approval for the financial statements.

30. Information relating to Jewish Care (Victoria) Incorporated (the Parent)

	2021	2020
	\$	\$
Current assets	73,370,163	34,691,834
Total assets	364,420,377	351,983,508
Current liabilities	139,714,513	110,956,923
Total liabilities	156,897,780	158,594,847
Net assets	207,522,597	193,388,660
Reserves	126,114,312	112,333,503
Accumulated funds	81,408,285	81,055,158
Total equity	207,522,597	193,388,661
Surplus/(deficit) of the Parent entity	401,953	(1,201,842)

At 30 June 2021, the Organisation has committed to a capital improvement at 619 St Kilda Road Melbourne. This commitment over the next 12 months is \$670,000 (2020: \$10,963,652).

The Organisation has pledged 619 St. Kilda Road Melbourne as collateral to the bank for a loan agreement.

Statement by Members of the Committee

For the year ended 30 June 2021

In the opinion of the Committee of Jewish Care (Victoria) Incorporated:

(a) The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and Organisation notes are in accordance with the *Associations Incorporation Reform Act 2012* (and its associated regulations) and:

- (i) comply with Australian Accounting Standards - Reduced Disclosure Regime and the *Associations Incorporation Reform Act 2012* (and its associated regulations); and
- (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date.

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

This declaration is made in accordance with a resolution of the Committee of Jewish Care (Victoria) Incorporated and is signed for and on behalf of the Committee by:



Committee Member
Melbourne
30 September 2021



Committee Member
Melbourne
30 September 2021

Independent Auditor's Report to the Members of Jewish Care (Victoria) Incorporated

Opinion

We have audited the consolidated financial report of Jewish Care (Victoria) Incorporated and its controlled entity (collectively, the "Association"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement by members of the Committee for the consolidated entity comprising the Association and the entity it controlled at the year's end or during the year.

In our opinion the accompanying financial report gives a true and fair view, in all material respects, of the financial position of the Association as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012* and its associated regulations.

Basis for Opinion

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

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

Emphasis of Matter: Fair Value of Property, Plant and Equipment

We draw attention to Note 13 of the financial report which describes the impact of the COVID-19 pandemic on the determination of the fair value of property, plant and equipment and how this has been considered by the Association's Committee of Management in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property, plant and equipment values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Committee of Management's report accompanying the financial report.

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

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

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

Responsibilities of the Committee of Management for the Financial Report

The Association's Committee of Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012* and its associated regulations and for such internal control as the Committee of Management determines is necessary to enable the preparation of the financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Association 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 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 judgment and maintain professional scepticism throughout the audit. We also:

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

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- ▶ Conclude on the appropriateness of the Committee of Management'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee of Management 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 our audit.

ERNST & YOUNG
Ernst & Young



Christopher Reid
Partner
Registered Company Auditor
Melbourne
30 September 2021



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