harbison

Heart & Home

FINANCIAL REPORT

2021

ABN 23 001 507 624

Financial Report
30 June 2021

Directors' Report
For the year ended 30 June 2021

The directors present their report together with the financial report of Harbison Memorial Retirement Village ("the Company") for the financial year ended 30 June 2021, and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Katerina Constantinou
Qualifications: BA, LLB, GDLP
Appointed: June 2018
Chair of the Board of Directors (appointed 25 November 2020)
Member of the Governance Committee
Member of the Built Environment and Development Committee
Member of the Finance & Audit Committee (appointed 25 November 2020)

David James Cummins OAM
Qualifications: LLB (Sydney)
Appointed: 16 August 1989
Member of the Built Environment and Development Committee

Jennifer Marilyn Harper OAM
Qualifications: RN, Grad Cert Intensive Care, M. Mgt (Health)
Appointed: 17 November 2004
Member of the Built Environment and Development Committee
Member of Governance Committee (appointed 22 July 2020)

Hendrik den Hertog
Qualifications: BBus, MTax, CPA, GAICD
Appointed: 24 September 2008 (resigned 16 December 2020)
Appointed as Appointed Director: 16 December 2020
Chair of the Board of Directors (resigned 25 November 2020)
Member of the Governance Committee (until 25 November 2020)
Member of the Built Environment and Development Committee (until 25 November 2020)
Member of the Finance & Audit Committee (until 25 November 2020)

Directors' Report
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Christopher Joseph Martin
Qualifications: MCom (Valuation), GradDip Property Investment, AdvCert RE, GAICD
Appointed: 22 February 2017
Chair of the Built Environment and Development Committee (appointed 11 November 2020)
Member of the Finance & Audit Committee

Tanya Marie Schiller
Qualifications: BCom (Accounting), Dip Credit Management, CA
Appointed: 22 February 2017 (resigned 7 April 2021)
Member of the Governance Committee (resigned 7 April 2020)
Chair of Finance & Audit Committee (resigned 7 April 2021)

Campbell Robert Sinclair MacBean
Qualifications: BA, Grad and Post Grad Dip Psych, MAPS, GAICD
Appointed: 26 November 2011
Chair of the Governance Committee (resigned 16 December 2020)
Member of the Governance Committee

Dr Mark Andrew Gordon Wilson
Qualifications: MBBS, MIPH (Honors), FRACGP, FARGP
Appointed: 27 July 2011
Deputy Chair of the Board of Directors (appointed 25 November 2020)
Chair of the Governance Committee (appointed 16 December 2020)

Jennifer Helen Elton
Qualifications: BCom., CPA
Appointed: 26 August 2020
Member of the Finance & Audit Committee
Chair of the Finance & Audit Committee (appointed 28 April 2021)

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

Directors' Report
For the year ended 30 June 2021

Meetings of Directors

During the financial year, 34 meetings of directors and committees were held. Attendance is set out in the following table:

	Board of Directors		Built Environment & Development Committee		Finance & Audit Committee		Governance Committee	
Director	A	B	A	B	A	B	A	B
Katerina Constantinou	11	11	11	11	4	4	4	4
David Cummins	11	9	11	10				
Jennifer Harper	11	11	11	10			3	3
Hendrik den Hertog	6	6	5	5	4	4	2	2
Christopher Martin	11	11	11	11	8	8		
Tanya Schiller	8	6			6	6	3	3
Campbell MacBean	11	9					4	4
Dr Mark Wilson	11	9					4	4
Jennifer Elton	10	10			7	7		

A = Eligible to attend. B = Attended

2. Overview of the Company

Harbison is a not-for-profit organisation. The Company is limited by guarantee and at balance date had 29 (2020: 29) members.

In accordance with the Company's Constitution, every member has undertaken, in the event of a deficiency on winding up, during the time that they are a member or within one year afterwards, to contribute an amount not exceeding $50. At balance date, the total value of these guarantees was $1,450 (2020: $1,450).

The company is a Public Benevolent Institution and a charity registered with the Australian Charities and Not-For-Profit Commission.

3. Objectives, Strategies and Activities

Principal Objective
The principal objective of the Company is to provide, maintain, and manage residential and non-residential care or support services for aged or disabled persons.

Directors' Report

For the year ended 30 June 2021

Principal Strategies

Strategies to achieve our objective include:

- maintaining accreditation as a Commonwealth Government-funded aged care provider;
- maintaining a charitable status;
- employing suitable people to provide high quality aged care services;
- developing and redeveloping suitable infrastructure and technology;
- demonstrating a commitment to achieving an excellent experience consistent with our vision, mission and values;
- maintaining suitable inventory and equipment;
- developing and maintaining strong working relationships with community organisations;
- providing a continuum of care to support choice by developing a range of services that may be delivered in a range of settings;
- prudent financial management focused on long-term sustainability; and
- reinvestment of surpluses in developing improvements and innovations.

Principal Activities

The principal activity of the Company during the financial year was the provision of Commonwealth Government-funded aged care services, including:

- Residential Aged Care at Burradoo (171 places) and Moss Vale (138 places) including dedicated residential dementia care at both locations;
- Short-term Restorative Care Programme;
- Home Care Packages;
- Commonwealth Home Support Programme; and
- NDIS funded services.

The Company also operates self-care accommodation at Burradoo (34 units).

How Do Our Principal Activities Assist in Achieving Our Objectives?

By providing accredited aged care services, the Company is permitted to charge fees and accept Refundable Accommodation Deposits ("RAD") with which it provides, maintains and manages residential aged care accommodation. The provision, maintenance and management of self-care accommodation is funded by fees charged to residents, donations and bequests.

Directors' Report
For the year ended 30 June 2021

How do we measure our performance?

- Comparison to financial, clinical, safety and KPI (occupancy, Aged Care Funding Instrument (ACFI), supported resident ratio, RAD etc.) benchmarks
- Resident and employee satisfaction
- Financial outcomes

4. Review of Operations and Results

Throughout the year, the company maintained and operated residential aged care facilities and independent living units. Ancillary services include Home Care, Home Support and Disability Support. The company serves the Southern Highlands and surrounding areas.

The gross revenue for the financial year was $29,968,562 (2020: $28,025,635). The operating result was a loss of $926,887 (2020: operating loss $490,942). The net cash from operations for the year was an inflow of $148,629 (2020: inflow of $1,776,690).

5. Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than the impact of COVID-19.

6. Significant Change in the State of Affairs

The Company received approval through the 2018-19 Aged Care Approval Rounds for 14 additional Residential Aged Care places (currently offline) and 10 Short Term Restorative Care places (5 online as at 30 June 2019 and remaining 5 online as at 1 July 2020).

During the year, the Company received a one-off payment of $190,045 from the Commonwealth Department of Health to assist in meeting the additional costs associated with COVID-19.

The Company anticipates that additional costs will be incurred for the forthcoming financial year and has considered such costs in its planning, including should there be an outbreak within the Company's facilities.

Directors' Report
For the year ended 30 June 2021

7. Likely Developments

The Company is currently undertaking refurbishments of its Moss Vale site that are expected to be completed during the financial year ending 30 June 2022.
Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

8. Indemnification and Insurance of Officers

Indemnification
The Company has agreed to indemnify directors of the Company for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except when the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal costs and expenses.

Insurance Premiums
During the financial year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2021 and, since the financial year, the Company has paid premiums in respect of such insurance contracts for the year ending 30 June 2022. Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

9 Directors' Benefits

No director of the Company has received or become entitled to receive, during or since the end of the financial year, a benefit by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed at Note 15.

Directors' Report

For the year ended 30 June 2021

10. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 40 of this report and forms part of the directors' report for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the directors, at Burradoo on 22 September 2021.

Katerina Constantinou
Director

Mark Wilson
Director

Statement of Profit of Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	3	28,612,785	27,845,579
Other Income	3	1,355,777	180,056
Total revenue and other income		**29,968,562**	**28,025,635**
Expenses			
Resident Care		(18,192,950)	(17,175,930)
Catering		(4,195,834)	(3,750,983)
Cleaning		(667,200)	(664,504)
Laundry		(322,432)	(308,466)
Maintenance		(1,059,070)	(994,107)
Utilities		(684,370)	(713,307)
Administration		(3,470,901)	(2,989,501)
Other expenses		(2,248,865)	(2,014,417)
Total expenditure		**(30,841,622)**	**(28,611,215)**
Financial income		57,214	221,538
Financial expense		(111,041)	(126,900)
Net financing income		**(53,827)**	**94,638**
(Deficit)/Surplus before income tax		**(926,887)**	**(490,942)**
Income tax expense	19(a)	-	-
(Deficit)/Surplus		**(926,887)**	**(490,942)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(926,887)**	**(490,942)**

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 19.

Statement of Financial Position

For the year ended 30 June 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	14	14,434,215	11,319,617
Other financial assets	5	-	6,034,574
Trade and other receivables	6	1,164,689	1,004,895
Inventory		86,822	-
Total current assets		**15,685,726**	**18,359,086**
Non-current assets			
Investment property	7	170,030	160,358
Intangible assets	8	2,140,378	2,164,889
Property, plant and equipment	9	55,759,327	49,040,393
Total non-current assets		**58,069,735**	**51,365,640**
Total assets		**73,755,461**	**69,724,726**
Current liabilities			
Trade and other payables	10	1,630,134	2,516,060
Resident liabilities	11	46,722,795	40,819,608
Employee benefits	12	2,680,577	2,577,148
Loans and borrowings	13	156,072	156,072
Total current liabilities		**51,189,578**	**46,068,888**
Non-current liabilities			
Employee benefits	12	145,479	152,476
Loans and borrowings	13	52,024	208,095
Total non-current liabilities		**197,503**	**360,571**
Total liabilities		**51,387,081**	**46,429,459**
Net assets		**22,368,380**	**23,295,267**
Equity			
Asset revaluation reserve		9,344,998	9,344,998
Retained earnings		13,023,382	13,950,269
Total equity		**22,368,380**	**23,295,267**

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 19.

Statement of Changes in Equity
For the year ended 30 June 2021

	Asset Revaluation Reserve $	Retained Earnings $	Total $
Balance at 1 July 2019	**9,344,998**	**14,441,211**	**23,786,209**
Deficit for the year	-	(490,942)	(490,942)
Other comprehensive income	-	-	-
Total comprehensive income	-	(490,942)	(490,942)
Balance at 30 June 2020	**9,344,998**	**13,950,269**	**23,295,267**
Balance at 1 July 2020	**9,344,998**	**13,950,269**	**23,295,267**
(Deficit)/surplus for the year	-	(926,887)	(926,887)
Other comprehensive income	-	-	-
Total comprehensive income	-	(926,887)	(926,887)
Balance at 30 June 2021	**9,344,998**	**13,023,382**	**22,368,380**

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 19.

Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from donations and other income		19,533	73,685
Receipts from operating activities		29,631,585	27,981,176
Interest received – residents		1,225	4,009
Payments to suppliers and employees		(29,392,673)	(26,155,280)
Interest paid		(111,041)	(126,900)
Net Cash provided by operating activities		**148,629**	**1,776,690**
Cash flows from investing activities			
Interest received – investments		57,214	353,329
Net redemption of term deposits		6,034,574	7,000,000
Proceeds from the sale of property, plant and equipment		11,252	3,045
Acquisition of property, plant and equipment, intangibles and investment property		(8,884,185)	(5,718,105)
Net cash used by investing activities		**(2,781,145)**	**1,638,269**
Cash flows from financing activities			
Net proceeds from residents' entry contributions		5,903,186	4,488,424
Net (repayments)/proceeds from borrowings		(156,072)	364,167
Net cash provided by financing activities		**5,747,114**	**4,852,591**
Net increase in cash held		3,114,598	8,267,550
Cash and cash equivalents as at 1 July		11,319,617	3,052,067
Cash and cash equivalents at 30 June 2021	14	**14,434,215**	**11,319,617**

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 19.

Notes to the Financial Statements
For the year ended 30 June 2021

1. Reporting Entity

Harbison Memorial Retirement Village (Harbison or the Company) is a not-for-profit Company limited by guarantee and domiciled in Australia. The address of the Company's registered office is 2 Charlotte Street, Burradoo NSW 2576. The Company is primarily involved in the provision of disability and aged care services through the operation of residential aged care facilities at Burradoo and Moss Vale, including secure dementia units at both locations, independent living units at Burradoo, Commonwealth Home Support Programme services, Home Care Packages, and Short-term Restorative Care services in the Southern Highlands.

2. Basis of Preparation

(a) Statement of Compliance

The financial report is a Tier 2 general purpose financial report that has been prepared in accordance with the Australian Accounting Standards-Reduced Disclosure Requirements (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not for Profit Commission Act 2012*.

The financial statements were approved by the Board of Directors on 22 September 2021.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for land which is measured at fair value.

(c) Functional and Presentation Currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

For the year ended 30 June 2021

2. Basis of Preparation (continued)

(d) Use of Estimates and Judgements

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 and in any future periods affected.

(e) Fair Value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible.
An external, independent valuation company, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued, values the Company's freehold land every three years. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 9 Property, Plant and Equipment.

Significant valuation issues are reported to the Board.

Notes to the Financial Statements

For the year ended 30 June 2021

2. Basis of Preparation (continued)

(f) Going Concern

Notwithstanding that the Company's current liabilities exceed its current assets, the financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company has considered the impact of COVID-19 on its operations. It has considered that non-financial assets have been appropriately determined at their fair value. The Company has also implemented policy and procedures to limit the likelihood of an outbreak and has also considered the financial impacts of an outbreak on its operations. These considerations have included effect of a reduction in revenue, likely ongoing and/or increased costs of operating, as well as managing capital commitments. Identifying COVID-19 related expenses are difficult as some operational improvements have been made irrespective of COVID-19. While the extent of an outbreak is uncertain, the Company has reviewed its operations having regard to the impact on other Aged Care providers.

The Company has investigated government assistance in the form of acceptance of residents to hospitals, as well as the provision of staff in the event of a sudden substantial increase in staff absenteeism and who is responsible for the cost of providing such urgent replacement personnel. The Company is developing new policies relating to trade receivables to reduce the likelihood of losses.

The Company has concluded that it is appropriate that this report be prepared on a going concern basis.

In relation to current liabilities, it is noted that all accommodation bonds and entry contributions are classified as a current liability as the Company does not have an unconditional right to defer payment of these beyond 12 months.

During the year ended 30 June 2021, the Company refunded a total of $10,731,620 to departing residents. As these vacated beds and units were re-allocated, the Company received accommodation bonds and entry contributions from incoming residents to a total of $16,852,644.

Notes to the Financial Statements

For the year ended 30 June 2021

3. Revenue and Other Income

	2021 $	2020 $
Revenue from Contracts with Customers		
Government Income		
Government funding	20,254,044	19,508,829
Total Government income	**20,254,044**	**19,508,829**
Customer income		
Basic daily fees	5,266,223	5,347,443
Other customer fees	885,637	774,487
Total customer income	**6,151,860**	**6,121,930**
Accommodation income		
Accommodation income - Government	737,610	589,416
Accommodation income – customer	1,208,020	1,344,938
Rental income	261,251	280,466
Total accommodation income	**2,206,881**	**2,214,820**
Total Revenue	**28,612,785**	**27,845,579**
Other income		
Gain on sale of assets	-	3,045
Business improvement grant	1,142,625	-
Other income	213,152	177,011
Total other income	**1,355,777**	**180,056**
Total revenue and other income	**29,968,562**	**28,025,635**

4. Expenses

The statement of profit or loss and other comprehensive income presents the expenses based on function for the Company. Expenses by nature, excluding other expenses are disclosed below:

Personnel expenses	18,639,776	16,848,818
Depreciation and amortisation expense	2,119,447	1,923,162
Low value leases	61,874	42,206
Loss on disposal of assets	49,391	-

Notes to the Financial Statements

For the year ended 30 June 2021

	2021 $	2020 $

5. Other Financial Assets

Term deposits with financial institutions	-	6,034,574

The accrued value of interest on these deposits to 30 June 2021 has been included with the deposit.

6. Trade and Other Receivables

Trade and other receivables	847,094	504,211
Provision for doubtful debts	(166,123)	-
	680,971	504,211
Prepayments	483,718	500,684
	1,164,689	**1,004,895**

Impairment losses on trade and other receivables recognised in profit and loss were $1,802 (2020: nil).

7. Investment Property

	2021 $	2020 $
Buildings and infrastructure – at cost	909,451	873,056
Accumulated depreciation	(739,421)	(712,698)
Total Investment Property	**170,030**	**160,358**

Movements in carrying amounts

Movement in the carrying amounts for investment property between the beginning and the end of the current financial year.

Balance at 1 July 2020	160,358
Additions	36,395
Depreciation expense	(26,723)
Balance at 30 June 2021	**170,030**

Notes to the Financial Statements
For the year ended 30 June 2021

8. Intangible Assets

	2021 $	2020 $
Bed Licences	**2,112,000**	**2,112,000**
Computer software – at cost	473,869	458,653
Accumulated amortisation	(445,491)	(405,764)
	28,378	**52,889**
	2,140,378	**2,164,889**

Movements in carrying amounts

Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year.

	Bed Licences	Computer software
Balance at 1 July 2020	2,112,000	52,889
Additions	-	15,216
Amortisation	-	(39,727)
Balance at 30 June 2021	**2,112,000**	**28,378**

Notes to the Financial Statements
For the year ended 30 June 2021

9. Property, Plant & Equipment

	2021 $	2020 $
Freehold land – at fair value	**9,600,000**	**9,600,000**
Buildings and infrastructure – at cost	56,917,845	56,627,535
Accumulated depreciation	(23,915,301)	(22,383,377)
	33,002,544	**34,244,158**
Capital works in progress – at cost	**11,750,001**	**3,365,330**
Plant and equipment – at cost	6,919,042	7,028,090
Accumulated depreciation	(5,678,013)	(5,405,600)
	1,241,029	**1,622,490**
Motor vehicles – at cost	376,964	376,964
Accumulated depreciation	(211,211)	(168,549)
	165,753	**208,415**
Total Property, Plant and Equipment	**55,759,327**	**49,040,393**

Fair value hierarchy
A formal valuation of land at Burradoo and Moss Vale was obtained for the year ended 30 June 2019, dated 24 May 2019. The valuation was performed by J Millar, Certified Practicing Valuer, Registered Valuer No 67391. The valuer J Millar, in arriving at the land value, had taken into consideration sales evidence of comparable properties within the Wingecarribee Shire. He had further given consideration to the size and location of the comparable sales and made appropriate adjustments prior to assessing a fair and reasonable value for the subject property. The adopted fair value based on the valuation obtained was $9,600,000.

The fair value measurement of freehold land has been categorized as a Level 2 fair value based on the inputs to the valuation technique (see Note 2(e)).

Notes to the Financial Statements
For the year ended 30 June 2021

9. Property, Plant & Equipment (continued)

Movements in Carrying Amounts

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

	Land	Buildings and Infrastructure	Plant and Equipment	Motor Vehicles	Capital Works in Progress	Total
Cost						
Balance at 1 July 2020	9,600,000	56,627,535	7,028,090	376,964	3,365,330	76,997,919
Additions	-	5,959	139,478	-	8,687,137	8,832,574
Transfers from WIP	-	284,351	-	-	(284,351)	-
Revaluation	-	-	-	-	-	-
Disposals	-	-	(248,526)	-	(18,115)	(266,641)
Balance at 30 June 2021	**9,600,000**	**56,917,845**	**6,919,042**	**376,964**	**11,750,001**	**85,563,852**
Accumulated Depreciation						
Balance at 1 July 2020	-	22,383,377	5,405,600	168,549	-	27,957,526
Depreciation for the year	-	1,531,924	478,411	42,662	-	2,052,997
Disposals	-	-	(205,998)	-	-	(205,998)
Balance at 30 June 2021	**-**	**23,915,301**	**5,678,013**	**211,211**	**-**	**29,804,525**
Carrying Amount						
Balance at 30 June 2020	**9,600,000**	**34,244,158**	**1,622,490**	**208,415**	**3,365,330**	**49,040,393**
Balance at 30 June 2021	**9,600,000**	**33,002,544**	**1,241,029**	**165,753**	**11,750,001**	**55,759,327**

Notes to the Financial Statements
For the year ended 30 June 2021

10. Trade and Other Payables

	2021 $	2020 $
Unsecured		
Trade creditors	1,323,060	2,116,659
Accrued expenses	140,142	259,135
Income received in advance	166,932	140,266
	1,630,134	**2,516,060**

11. Resident liabilities

Unsecured		
Entry Contributions, Accommodation Bonds and Refundable Accommodation Deposits	**46,722,795**	**40,819,608**

Entry Contributions, Accommodation Bonds and Refundable Accommodation Deposits become payable by the Company on the departure of the resident. As the Company does not have an unconditional right to defer the refund for 12 months, the Entry Contributions, Accommodation Bonds and Refundable Accommodation Deposits are required to be disclosed as a current liability.

During the year, entry contribution and bond refunds totaled $10,731,620 (2020: $10,454,352).

12. Employee Benefits

	2021 $	2020 $
Current		
Annual leave	1,652,721	1,641,860
Long service leave	1,010,193	902,252
Accrued days off	17,663	33,036
	2,680,577	**2,577,148**
Non-current		
Long service leave	**145,479**	**152,476**
Total employee benefits	**2,826,056**	**2,729,624**

The Company paid contributions of $1,497,025 to defined contribution plans on behalf of employees for the year ended 30 June 2021 (2020: $1,355,374).

Notes to the Financial Statements

For the year ended 30 June 2021

13. Loans and borrowings

	2021	2020
	$	$
Unsecured		
Equipment Loan - current	156,072	156,072
Equipment Loan – non-current	52,024	208,095
	208,096	**364,167**

No security has been provided for the equipment loan.

14. Cash and cash equivalents

Cash on hand and at bank	14,434,215	11,319,617
	14,434,215	**11,319,617**

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

15. Related Parties

Key management personnel comprise directors and senior executives of the Company.

Transactions with Key Management Personnel

Directors do not receive any remuneration. The Chair of the Board of Directors receives a payment of $4,800 per annum for expenses related to the Company. Any unexpended funds are returned to the Company at the end of each year.

Key management personnel include the company's Directors, all of which are non-executive directors, and ten (2020: three) staff.

Notes to the Financial Statements
For the year ended 30 June 2021

15. Related Parties (continued)

A key management personnel owns a company which provides home care services to home care recipients allocated to the Company. The Company received $300,594 in respect of those care recipients and paid to the home care provider delivering home care services $262,887 during the financial year ended 30 June 2021 (2020: $846,327), while the owner was employed by the Company. This employment ceased in March 2021. From March 2021, the Company ceased home care services with the home care provider. As at 30 June 2021, there was no amount outstanding payable from the Company to the Home Care provider. The terms and conditions of the transactions were no more favourable than those available on similar transactions to non-key management personnel related entities on an arm's length basis.

Key Management Personnel Compensation

The total key management personnel compensation included in 'personnel expenses' is $1,241,553 (2020: $558,001).

16. Financing facilities

The Company had access to the following undrawn borrowing facilities:

	2021 $	2020 $
Bank loan facilities	5,000,000	-
	5,000,000	**-**

This facility is secured against the registered mortgage over property situated at 2-10 Charlotte Street Burradoo NSW 2576.

17. Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is $2,883,317 (2020: $5,792,897).

18. Events Subsequent to Reporting Date

In the opinion of the directors, there were no significant events subsequent to the reporting date that would impact upon the financial results, operations or performance of Harbison.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent that they have not already been disclosedin other notes above. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Income Tax

The Company is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*, being a non-profit charitable organisation, not carried on for the purpose of profit or gain to its members. Accordingly, no provision for income tax has been made in these financial statements.

(b) Property, Plant and Equipment

Recognition and Measurement

With the exception of land, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land is recognised initially at cost, then subsequently measured at fair value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

The estimated useful lives for the current period are as follows:

Buildings – Moss Vale & Burradoo Nursing Home	40 years
Buildings – Burradoo Hostel	2 years
Plant and Equipment	3-7 years
Motor Vehicles	3-7 years

The useful life, residual value and the depreciation method applied to an asset are reviewed at each financial year end and adjusted if appropriate.

(c) Intangible Assets

(i) Recognition and Measurement

Intangible assets are only recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company, and the costs of the assets are reliably measurable.

Intangible assets are initially measured at cost. Where an intangible asset is acquired at no cost or for a nominal cost, the cost is the fair value as at the date of acquisition.

(ii) Bed Licences

The Company has been granted or otherwise acquired bed licences over an extended period of time, commencing many years ago. It has been determined that the fair value of bed licences at grant or acquisition date, prior to transition to Australian equivalents to International Financial Reporting Standards (AIFRS) is unable to be reliably measured and therefore no bed licences granted or acquired prior to 1 July 2004 have been recognised.

Licences granted after this date are recognised at their fair value as at the date they are put to use. The Company measures bed licences acquired through business combinations at fair value using valuations from an independent external valuer. Bed licences are considered to have an indefinite life and are therefore not amortised, however they are subject to an annual impairment assessment.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(iii) Software

Software acquired by the Company that is not integral to the function of computer hardware, is stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Investment Property

(i) Recognition and Measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over its estimated useful life.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

The estimated useful life for the current and comparative periods is as follows:

Self Care Accommodation at Burradoo	10 years

The useful life, residual values and the depreciation method applied to investment property is reviewed at each financial year-end and adjusted if appropriate.

(e) Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liability are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. On initial measurement, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in profit and loss.

Non-derivative financial liabilities
All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

Non-derivative financial liabilities (continued)
The Company has the following non-derivative financial liabilities: trade and other payables, refundable accommodation deposits, entry contributions and accommodation bonds.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(f) Impairment

Financial Assets
The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(f) Impairment (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(g) Employee Benefits

(i) Defined Contribution Plans

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Long-Term Employee Benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Short-Term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Revenue

(i) Revenue from Contracts with Customers and Income of Not-for-Profit Entities

The Company first considers whether AASB 15 *Revenue from Contracts with Customers* applies to a transaction or part of a transaction. In order for AASB 15 to apply, the following two criteria must be met:

- the agreement between the Company and the customer must create enforceable rights and obligations, and;
- the Company's promise to transfer a good or service needs to be sufficiently specific.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(i) Revenue from Contracts with Customers and Income of Not-for-Profit Entities (continued)

The Company uses judgment in determining whether the performance obligation is enforceable and sufficiently specific having regard to the particular facts and circumstances. The Company regards it contracts with residents and customer as an agreement between two or more parties that creates enforceable rights and obligations.

Judgement is necessary in assessing whether a promise is sufficiently specific, taking into account any conditions specified in the contracts regarding the promised goods or services.

When AASB 15 *Revenue from Contracts with Customers* does not apply, the Company considers whether AASB 1058 *Income of Not-for-Profit Entities* applies. AASB 1058 will apply when the Company enters into a transaction where the consideration to acquire an asset is significantly less than the fair value principally to enable the Company to further its objectives.

Under AASB 1058, the timing of income recognition will depend on whether the transaction gives rise to performance obligations, liability, or contribution. Where the Company receives an asset for significantly less than its fair value principally to enable the Company to further its objectives, it recognises the asset in accordance with the relevant standard. The Company then considers the relevant accounting standard that applies to the related amounts.

The difference between the consideration transferred for the asset and the fair value of the asset received after recording any related amounts is recognised as income.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(ii) Government funding

Aged Care

The Company's entitlement to government funding is assessed in accordance with the provisions of the *Aged Care Act 1997*. The funding recovered is based on the Aged Care Funding Instrument (ACFI) assessment and is recognised on an ongoing daily basis. The Federal Government also assesses other accommodation supplements and other supplements on a per resident per day basis.

The amount of funding received is determined by the Federal Government rather than the Company's contract with the resident. Funding is determined by a range of factors including: the resident's care needs; whether the facility has been significantly refurbished; the level of supported resident ratios at the facility and the financial means of the resident.

For each resident, a single performance obligation is the ongoing daily delivery of care to the resident. This reflects a series of distinct services that are substantially the same and have the same pattern of transfer. Funding is received monthly in advance from the Federal Government.

Other Government funding

Government grants may be received for a range of purposes to assist the Company with its objectives. Performance obligations may be specified in each individual grant and can include such obligations as the completion of capital works or the delivery of services to a local community. Under such grants, revenue is recognised when the performance obligation is met. Where a grant has no performance obligations, the revenue is recognised when funds are received.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

Basic daily fees

Aged Care

The basic daily fee is a daily living expense paid by all residents of aged care centres in accordance with the *Aged Care Act 1997*. This is a contribution to the provision of care and accommodation per day and in accordance with the rates set by the Federal Government.

In addition to the basic daily fee, if the resident has been assessed by the Federal Government as having the financial means, an additional means-tested care fee is payable by the resident. This is calculated on a daily basis and invoiced along with the basic daily fee.

For each resident, a single performance obligation is the ongoing daily delivery of care to the resident. This reflects a series of distinct services that are substantially the same and have the same pattern of transfer. The Company recognises revenue on a daily basis in line with the care given to residents.

(iii) Donations

Donations received from the general public are taken into account as other income on receipt in the absence of any specific performance obligations being attached to the donation.

(iv) Accommodation Charges

Persons entering a high-care aged care facility prior to 1 July 2014 were asset tested and have been required to pay an accommodation charge. Accommodation charges are recognised as revenue as they become due and receivable from residents.

(v) Accommodation Bonds/Refundable Accommodation Deposits

Persons entering a low-care aged care facility prior to 1 July 2014 who were assessed as “non-supported residents” were required to pay an accommodation bond. All persons entering an aged care facility after 1 July 2014 who were assessed as “non-supported residents” are required to pay a refundable accommodation deposit (RAD). Accommodation bonds and RADs are held by the Company in the form of interest-free loans from residents.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

Accommodation bonds and RADs paid by residents are repayable by the Company when the resident leaves the facility (refund event).

Accommodation bonds and RADs are classified as current liabilities as the Company does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

Once a refunding event, occurs the accommodation bond or RAD becomes interest bearing. The interest rate varies according to the rates specified by the Commonwealth Department of Health at the time the refunding event occurs. Interest expense is recognised in the profit or loss when incurred.

(vi) Self Care Entry Contribution

Persons entering independent living units, subject to financial means, may be required to pay an Entry Contribution in the form of an interest free loan to the Company, repayable upon vacation of the unit. The original loan made by a resident is reduced to an agreed residual value over a specified period as set out in the Self Care Residence Loan Licence Agreement, and in accordance with the *Retirement Villages Act 1999* (NSW).

For each resident, the loan reduction (retention) is taken to profit on a straight-line basis. The total retention is amortised over the life of the tenancy. When a resident vacates a unit, any variation between the amortised retention and the retention under the contract terms is recognised in the period in which the unit is vacated.

(vi) Self Care Entry Contribution

On the basis of historical information, the Company has determined that the average term of residency is less than the maximum retention period of five years. The average term of residency is reviewed annually.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

Resident loans are classified as current liabilities as the Company does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time, up to a maximum of six months from when a resident vacates an independent living unit.

(vii) Rental Income
Rental income from independent living units is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income is billed in advance. Where income for a future period has been billed, this amount is recognised as a liability called income received in advance.

(i) Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16 *Leases*.

(i) As a lessee

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and the non-lease components based on their relative stand-alone prices. However, for leases of property, the Company has elected not to separate the lease and non-lease components and instead accounts for these as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred; and
- any restoration costs.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(i) Leases

(i) As a lessee (continued)

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at commencement date. This is discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from its external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in any of the above-mentioned lease payment measurements.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit or loss, if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(i) Leases

(i) As a lessee (continued)

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other liabilities'.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease inception whether a lease is a finance lease or operating lease. To classify each lease, the Company assesses whether the lease substantially transfers all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance otherwise it is an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

The Company as lessor- residential aged care facilities

Due to the changes in AASB 16 of how a lease is identified, resident accommodation agreements are now considered a lease under AASB 16. The Company has determined that the lease term for these agreements is 7 days (being the notice period required from a resident upon departure). The application of AASB 16 to these agreements does not have a material impact on the recognition or measurement of revenue. The Company now discloses accommodation income separately from revenue from contracts with customers.

Notes to the Financial Statements
For the year ended 30 June 2021

19. Statement of Significant Accounting Policies (continued)

(j) Reserves

The asset revaluation reserve relates to the revaluation of freehold land. This reserve would normally remain constant for the period between revaluations. The exception would be disposal of land.

(k) Donated Services

Various services are donated to the Company. No assessment of the value of those services is included in the accounts.

Directors' Declaration

For the year ended 30 June 2021

In the opinion of the directors of Harbison Memorial Retirement Village (the Company):

(a) the financial statements and notes that are set out on pages 8 to 38 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

ii. complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commission Regulation 2013*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors, at Burradoo on 22 September 2021.

Katerina Constantinou
Director

Mark Wilson
Director

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Harbison Memorial Retirement Village

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Richard Drinnan

Partner

Wollongong

22 September 2021

KPMG

Independent Auditor's Report

To the members of Harbison Memorial Retirement Village

Opinion

We have audited the Financial Report of Harbison Memorial Retirement Village (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2021, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The Financial Report comprises:

i. Statement of financial position as at 30 June 2021.

ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' Declaration of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Harbison Memorial Retirement Village's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosures Requirements and the ACNC.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. 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.

ii. 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 registered Company's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Directors 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 registered Company'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 registered Company to cease to continue as a going concern.

v. 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 Directors of the registered Company 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.

KPMG

KPMG

Richard Drinnan

Partner

Wollongong

22 September 2021

harbison
Heart & Home