Jewish Care (Victoria) Inc. and Controlled Entities

ARN: A00 407 05X
ABN: 78 345 431 247

Annual consolidated financial report for the financial year ended 30 June 2023

Annual consolidated financial report for the financial year ended 30 June 2023

Committee's Report

For the year ended 30 June 2023

The Committee of Management ("the Committee") members of Jewish Care (Victoria) Inc. present their report together with the consolidated financial statements of Jewish Care (Victoria) Inc. and Controlled Entities (collectively, the "Organisation") for the financial year ended 30 June 2023 and the auditor's report thereon.

The members of the Committee at any time during or since the end of the financial year are:

- Mr Mike Debinski OAM (Retired as full Director 24 November 2022; appointed Co-opted Director 29 November 2022)
- Ms Sharon Gdanski
- Professor Sharon Goldfeld
- Ms Lisa Kennett OAM
- Mr Steven Klein
- Ms Susie Ivany OAM
- Mr Adam Joel
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Mr David Slade (Co-opted Director 25 October 2022; appointed full Director 24 November 2022)
- Ms Simone Szalmuk-Singer
- Adjunct Professor John Zelcer
- Mr Reuben Zelwer

Principal activities

The principal activities of the Organisation during the financial year ended 30 June 2023 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 across the areas of residential aged care, home care, disability and social and family services.

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 $75,222,265 as at 30 June 2023, (2022: $40,133,065) This current deficit arises because of the requirement under Australian Accounting Standards to classify Refundable Accommodation Deposits of $59,546,643, (2022: $51,606,500) as current liabilities (refer to Note 18 for further details). Deficiency is also due to Windsor loan due to be paid by 31 December 2023 (refer to Note 17).

The Organisation incurred an Operating Deficit of $8,555,547 (2022: Operating Deficit $4,721,370), which was primarily a result of several factors, including outstanding ERO backpays, land tax expenses, severance payments, reduced Fundraising receipts, as well as the burden of Fair Work Commission increases that were not financially supported by the government, along with accrued leave liabilities stemming from these same Commission increases and devaluation of some of the land and buildings.

Committee's Report (continued)

For the year ended 30 June 2023

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

	2023 $	2022 $
Opening balance	201,326,977	207,522,597
Add / (Deduct): Surplus/(Deficit) after tax	(12,648,648)	(9,194,261)
Add / (Deduct) : Revaluation increment in land and buildings	(2,988,889)	2,998,641
Closing balance	**185,689,440**	**201,326,977**

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent events

Subsequent to year end, the Windsor Loan Agreement was extended to 14 December 2024 (refer to Note 2 and Note 17). On the 27th October 2023, the Organisation reached and accepted a binding term sheet covering covenants for both loan facilities. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Organisation, the results of those operations, or thestate of affairs of the Oranisation in future financial years.

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 arrangement with the Victorian Managed Insurance Authority.

Indemnification of auditors

To the extent permitted by law, the Organisation has agreed to indemnify its auditors, KPMG, 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 KPMG during or since the financial year.

Committee's Report (continued)

For the year ended 30 June 2023

Committee 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 11 Committee meetings were held.

Committee Members	Committee Meetings	
	Eligible to attend	Attended
Mr Mike Debinski OAM	11	10
Ms Sharon Gdanski	11	10
Professor Sharon Goldfeld	11	7
Ms Lisa Kennett OAM	11	11
Mr Steven Klein	11	10
Ms Susie Ivany OAM	11	9
Mr Adam Joel	11	8
Mr Michael Schoenfeld	11	11
Mr Andrew Schwartz	11	9
Mr David Slade	7	4
Ms Simone Szalmuk-Singer	11	7
Adjunct Professor John Zelcer	11	11
Mr Reuben Zelwer	11	10

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

Sharon Gdanski
Treasurer
Melbourne
31 October 2023

Lisa Kennett

Lisa Kennett OAM
President
Melbourne
31 October 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

		Consolidated Entity	
		2023	2022
	Note	$	$
Fees and charges	3(d)	34,021,857	27,862,890
Resident government subsidies and other grants	3(e)	48,163,935	44,349,482
Other revenues	4	10,618,117	11,969,333
Total revenues		**92,803,909**	**84,181,705**
Employee benefits expense	5	(57,261,867)	(50,114,372)
Depreciation and amortisation expenses	6	(7,959,625)	(7,989,762)
Community development expenses		(643,301)	(446,943)
External service contractors expenses		(19,472,830)	(15,579,215)
Food expenses		(3,831,710)	(4,703,827)
Repairs and maintenance expenses		(3,850,385)	(3,274,058)
Medical and other supplies		(1,265,891)	(1,125,366)
Consulting expenses		(829,452)	(683,165)
Energy expenses		(822,078)	(828,442)
Administration expenses		(2,967,314)	(2,294,788)
Laundry expenses		(512,627)	(471,354)
Impairment expense		(261,077)	-
Other expenses	7	(1,681,299)	(1,391,783)
Total operating expenses		**(101,359,456)**	**(88,903,075)**
Operating loss		**(8,555,547)**	**(4,721,370)**
Finance income	8(a)	742,887	516,160
Finance costs	8(b)	(4,835,988)	(4,989,051)
Net finance costs		**(4,093,101)**	**(4,472,891)**
Loss before tax		**(12,648,648)**	**(9,194,261)**
Income tax expense	9	-	-
Loss for the year		**(12,648,648)**	**(9,194,261)**
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Revaluation of land and buildings	20	**(2,988,889)**	**2,998,641**
Other comprehensive (loss) / income for the year		**(2,988,889)**	**2,998,641**
Total comprehensive (loss)/income for the year		**(15,637,537)**	**(6,195,620)**

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 2023

	Note	Consolidated Entity 2023 $	2022 $
Current assets			
Cash and cash equivalents	23	8,440,927	8,932,484
Trade and other receivables	10	6,506,584	5,474,512
Financial assets	11	7,455,498	13,511,890
Other assets	12	879,819	550,666
Total current assets		**23,282,828**	**28,469,552**
Non-current assets			
Trade and other receivables	10	659,109	604,657
Other assets	12	654,072	676,225
Property, plant and equipment	13	278,419,477	285,966,540
Intangible assets	14	224,070	277,663
Total non-current assets		**279,956,728**	**287,525,085**
Total assets		**303,239,556**	**315,994,637**
Current liabilities			
Trade and other payables	15	5,818,828	7,857,392
Contract liabilities (deferred income)	15(a)	7,384,722	3,424,487
Provisions	16	6,321,206	5,577,607
Interest bearing loans and borrowings	17	19,433,694	136,631
Refundable accommodation deposits	18	59,546,643	51,606,500
Total current liabilities		98,505,093	**68,602,617**
Non-current liabilities			
Provisions	16	1,689,814	1,277,478
Interest bearing loans and borrowings	17	17,355,209	44,787,565
Total non-current liabilities		19,045,023	**46,065,043**
Total liabilities		117,550,116	**114,667,660**
Net assets		185,689,440	**201,326,977**
Equity			
Reserves	20	103,138,861	106,127,750
Accumulated funds		82,550,579	95,199,227
Total equity		185,689,440	**201,326,977**

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 2023

	Asset revaluation reserve	General reserve	Other reserves	Accumulated funds	Total equity
	$	$	$	$	$
Balance at 30 June 2021	**121,669,970**	**1,369,550**	**3,074,792**	**81,408,285**	**207,522,597**
Deficit for the year	-	-	-	(9,194,261)	(9,194,261)
Transfer to Accumulated funds on disposal of a previously revalued asset	(22,985,203)	-	-	22,985,203	-
Other comprehensive loss for the year	2,998,641	-	-	-	2,998,641
Total comprehensive income for the year	**(19,986,562)**	**-**	**-**	**13,790,942**	**(6,195,620)**
Balance at 30 June 2022	**101,683,408**	**1,369,550**	**3,074,792**	**95,199,227**	**201,326,977**
Balance at 1 July 2023	**101,683,408**	**1,369,550**	**3,074,792**	**95,199,227**	**201,326,977**
Deficit for the year	-	-	-	(12,648,648)	(12,648,648)
Other comprehensive income for the year - refer to Note 20	(2,988,889)	-	-	-	(2,988,889)
Total comprehensive (loss)/income for the year	**(2,988,889)**	**-**	**-**	**(12,648,648)**	**(15,637,537)**
Balance at 30 June 2023	**98,694,519**	**1,369,550**	**3,074,792**	**82,550,579**	**185,689,440**

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 2023

	Note	Consolidated Entity 2023 $	2022 $
Cash flows from operating activities			
Receipts from fees and charges and government subsidies		92,840,304	86,729,030
Payments to suppliers and employees		(94,328,384)	(82,582,078)
Cash (used)/ generated from operating activities		**(1,488,080)**	**4,146,952**
Interest and dividends received	8(a)	303,138	516,160
Interest on lease liabilities	19	(10,232)	(11,370)
Net cash from operating activities before proceeds and repayments of refundable accommodation deposits		**(1,195,174)**	**4,651,742**
Proceeds from refundable accommodation deposits		22,582,113	14,987,309
Repayments of refundable accommodation deposits		(14,641,970)	(12,730,542)
Net cash flows from operating activities		**6,744,969**	**6,908,509**
Cash flows from investing activities			
Proceeds from disposal of financial assets		6,496,141	5,786,094
Proceeds from disposal of assets held for sale		-	38,593,247
Payments for property, plant and equipment	13	(3,400,679)	(2,303,241)
Purchase of intangibles	14	(91,475)	(210,509)
Net cash flows from investing activities		**3,003,987**	**41,865,591**
Cash flows used in financing activities			
Repayment of interest bearing loans		**(8,107,200)**	(42,849,141)
Payment for principal on lease liabilities	19	(144,873)	(200,470)
Payment for interest expense on interest bearing loans and borrowings	8(b)	(1,988,440)	(2,227,853)
Net cash flows used in financing activities		**(10,240,513)**	**(45,277,464)**
Net (decrease)/increase in cash and cash equivalents		**(491,557)**	**3,496,636**
Cash and cash equivalents at the beginning of the year		**8,932,484**	**5,435,848**
Cash and cash equivalents at the end of the year	23	**8,440,927**	**8,932,484**

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 2023

1. Corporate information

The consolidated financial statements of Jewish Care (Victoria) Inc. and its controlled entities (collectively, the "Organisation") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Committee members on 31 October 2023.

Jewish Care (Victoria) Inc. (the Parent) is a "not-for-profit" entity, incorporated in Australia under the Australian Charities and Not-for-profits Commission Regulations 2022 (and its associated regulations). The Organisation's principal place of business is:
619 St Kilda Road
Melbourne Victoria Australia 3004

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 statement of compliance

These consolidated financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Australian Charities and Not-for-profits Commission Regulations 2022 (and its associated regulations*). They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Regulations 2022 *(and its associated regulations)*.

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.

2.2 Going concern basis of preparation

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the 30 June 2023 financial year, the Organisation incurred an Operating Deficit of $8,555,547 (2022: Operating Deficit $4,721,370). which was primarily a result of several factors, including one off employee related backpay adjustments of $560,898, increased land tax expenses, severance payments, reduced bequest income receipts of $1,607,922, as well as the burden of Fair Work Commission increases that were not financially supported by the government, along with $952,097 accrued leave liabilities stemming from these same Commission increases and impairment of $261,077 relating to the land and buildings.

At 30 June 2023, the Organisation's current liabilities exceeded current assets by $75,222,265 (2022: $40,133,065) and the Organisation had net assets as of 30 June 2023 of $185,689,440 (2022: $201,326,977). The Financial statements have been prepared on the going concern basis as the deficiency arises due to reasons outlined below.

The organisation discloses resident liabilities, amounting to $59,546,643 at 30 June 2023, (2022: $51,606,500) as current liabilities on the basis they are repayable to residents when they leave the residential aged care facility, which can be at any time. Based on prior years' experience, the organisation does not expect the resident liabilities balance to reduce significantly on an annual basis as the liabilities are related to residents who depart the aged care facility and are generally replaced by resident accommodation deposits/liabilities received from new residents. The resident liabilities are therefore considered to form a part of the long-term funding of the aged care facility (refer to Note 18 for further details).

The financing facility owing to ANZ bank of $19,433,694 as at 30 June 2023 (2022 current liability: $nil) was due for repayment on 29 December 2023. Subsequent to the year end, the Organisation has received and accepted a binding agreement covering an extension of the loan facility to 14 December 2024 (refer to Note 17).

In addition, the Organisation has a total of $7,384,722 in Contract Liabilities classified as current liabilities however is not expecting to be required to make any cash repayment of the amounts over the next twelve months.

Financing facilities

As at 30 June 2023 Jewish Care (Victoria) Inc has financing facilities with the ANZ bank which include a requirement to comply with financial covenants. The Organisation is reliant on the banking facilities with the ANZ in order to provide access to its bond liquidity facility as required.

The Organisation has two loan facilities totalling $36,542,423 with the ANZ Bank. The loans are secured by a first registered mortgage over the consolidated land and buildings for Windsor and Carnegie Residential Aged Care facilities. The Windsor loan facility amounting to $19,288,830 at 30 June 2023 with a termination date of 29 December 2023. The Carnegie facility amounted to $17,253,593 at 30 June 2023 with a termination date of 14 December 2024.

Both facilities are subject to financial covenants as of 30 June 2023, specifically Interest Cover Ratio (ICR) and Loan to Value Ratio (LVR). At 30 June 2023 the Organisation received a formal waiver from the ANZ in respect of the measurement of the ICR financial covenant and met the LVR financial covenant. These waivers were also provided to the Organisation by the ANZ in respect of the 30 September 2023 calculation date.

Subsequent to the year end on 27 October 2023, the Organisation has received and accepted a revised loan agreement which includes revised financial covenants that specifically remove the ICR financial covenants, an extension of the Windsor loan facility to 14 December 2024 and revised principal repayment requirements which the Organisation expects to comply with.

The Organisation has completed a detailed profitability and cash flow forecast for the period of at least 12 months following the approval of this financial report. Forecast cash flows indicates that the Organisation has sufficient cash, short-term liquid financial assets, and access to unused banking facilities available to meet its loan repayment requirements and comply with the revised financial covenants for a period of 12 months from the date of the approval of this financial report.

Jewish Care Victoria is actively executing its Financial Sustainability Strategy. This strategic initiative encompasses various key components, such as enhancements in system and process efficiencies, the implementation of cost-reduction strategies, and the exploration of growth opportunities. Our aim is to establish a solid financial foundation for the organisation, ensuring its long-term sustainability and viability in the years ahead.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

2.3 New and amended standards adopted by the Organisation

A number of new standards are effective from 1 July 2023 but they do not have a material effect on the Organisation's financial statements.

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 2023 are included in the following notes:

- Note 2.2 – Going concern
- Note 3(d) – Revenue recognition
- Note 10 – Allowance for expected credit losses
- Note 11 – Financial assets
- Note 13 – Property, plant and equipment (including fair value measurement)
- Note 16 – Provisions
- Note 17 – Interest bearing loans and borrowings
- Note 19 - 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 2023 :

(a) Basis of consolidation

A controlled entity is any entity controlled by Jewish Care (Victoria) Inc. The consolidated financial statements comprise the financial statements of the Organisation and its subsidiaries as at 30 June 2023. 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 22.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

(b) Current versus non-current classification

The Organisation presents assets and liabilities in the consolidated statement of financial position based on a current or 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 certain 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, 11, 13, 20(b), 24
- Quantitative disclosures of fair value measurement Note 25
- Property, plant and equipment under revaluation model Notes 3(i), 13, 20(b)
- Financial instruments (including those carried at amortised cost) Notes 3(m), 3(n), 3(o), 11

Notes to the Consolidated Financial Statements (continued)

For the year ended this format code has numbers justified

Note 3 Significant accounting policies (continued)

(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 credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Total revenue also includes the provision of accommodation bonds 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 19 for further details.

Rendering of services

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

Donations, bequests and fundraising revenue

Donations, bequests and fundraising revenue are recognised only when the Organisation gains control of the funds and when the funds do not give rise to an obligation.

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 dividends as declared.

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) Resident government subsidies and other grants

The Organisation recognises revenue from aged care and home care services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as agreed in a single contract with the resident. Fees received in advance of aged care and home care services performed are recognised as contract liabilities.

Under AASB 15, bond retention fees are recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data. The unearned revenue is recognised as contract liabilities.

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.

The Organisation initially recognises government grants related to assets as deferred income at fair value if there is reasonable assurance that they will be received and the Organisation will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

Note 3. (e) Resident government subsidies and other grants (continued)

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 additional wages to assist staff to work solely at the Organisation and amounts paid to staff to retain them in the Organisation. 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) Inc. 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 increment or decrement (impairment) arising is recognised as income or 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

Note 3. (i) Property, plant and equipment (continued)

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.

Works in progress represent the accumulated cost of materials and any other costs incurred relating to the works. 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 works are 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	4.00%	Straight Line
Furniture fixtures and fittings	10.00%	Straight Line
Motor Vehicles	20.00%	Straight Line
Computer equipment	33.30%	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

At inception of a contract, the Organisation 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.

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

At commencement or on modification of a contract that contains a lease component, the Organisation allocated the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Organisation has elected not to separate non-lease components and account for the lease and non-lease components as a siingle lease component.

The Organisation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured ast cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Organisation by the end of the lease term or the cost of the right-of-use asset reflects that the Organisation will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Organisation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the 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 a rate, initially meausred using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Organisation is reasonably certain to exercise, lease payments in an optional renewal period if the Organisation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Organisation is reasonably certain not to terminate early.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

Note 3. (j) Leases (continued)

The lease liability is 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 an index or rate, if there is a change in the Organisation's estimate of the amount expected to be payable under a residual value guarantee, if the Organisation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Organisation presents the right-of-use assets in 'property, plant and equipment' and lease liabilities in 'interest bearing loans and borrowings' in the statement of financial position.

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

At inception or on modification of a contract that contains a lease component, the Organisation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Organisation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Organisation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Organisation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Organisation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Organisation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Organisation applies AASB 15 *Revenue from Contracts with Customers* to allocate the considreation in the contract.

The Organisation applies the derecognition and impairment requirements in AASB 9 *Financial Instruments* to the net investment in the lease (see Note 19). The Organisation further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

(m) Financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilites are recognised in the Organisation's statement of financial position when the Organisation becomes a party to the contractual provisions of the instrument, and are meausred initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactino costs (where applicable). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accoutned for at amortised cost using the effective interest method. The Organisation's trade and most other receivables fall into this category of financial instruments that were previously classified as loans and receivables under AASB 139.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely paymetns of principal and interest are accoutned for at FVTPL. The Organisation's investments in listed equities and bonds fall into this category.

The Organisation does not have any financial instrument in the categories of Equity FVTOCI.

Trade and other receivables and contract assets

The Organisation uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Organisation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Impairment of financial assets

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due tor impaired have been renegotiated, the Organisation recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement of financial liabilities

The Organisation's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Organisation designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financialinstruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

(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 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 17.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

(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 cash equivalents comprises cash at bank.

(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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Note 3 Significant accounting policies (continued)

Note 3. (q) Provisions (continued)

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.

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 high quality Australian 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 at 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.

4. Revenue	**2023** **$**	**2022** **$**
Other revenues		
Annual Appeal donations	3,803,388	3,670,769
Bequests	893,529	2,501,451
Capital Appeal donations	1,096,200	1,450,450
General donations	614,201	573,172
Covid realted government grants	1,352,190	409,322
Imputed revenue on RAD and Bond balances - refer to Note 19	2,837,316	2,761,198
Other	21,293	602,971
Total other revenues	**10,618,117**	**11,969,333**

5. Employee benefits expenses	**2023** **$**	**2022** **$**
Salaries, wages and related costs	(51,607,016)	(45,241,262)
Superannuation	(4,849,951)	(4,188,212)
Workcover expenses	(804,900)	(684,898)
Total employee benefits expenses	**(57,261,867)**	**(50,114,372)**

Notes to the Consolidated Financial Statements (continued)

6. Depreciation and amortisation of non-current assets	2023 $	2022 $
Computer equipment	(738,952)	(710,435)
Buildings	(5,752,287)	(5,825,135)
Right-of-use assets	(142,452)	(174,056)
Software	(145,068)	(94,171)
Furniture, fixtures, fittings	(1,161,030)	(1,170,913)
Motor vehicles	(19,836)	(15,052)
Total depreciation and amortisation	**(7,959,625)**	**(7,989,762)**

7. Other expenses	2023 $	2022 $
Travel and motor vehicle expenses	(744,711)	(715,314)
Rates and insurance	(808,979)	(589,230)
Rental expenses	(25,806)	(28,162)
Other expenses	(101,803)	(59,077)
Total other expenses	**(1,681,299)**	**(1,391,783)**

8(a). Finance income	2023 $	2022 $
Interest and dividend income	303,138	516,160
Fair value gain on investments	439,749	-
Total finance income	**742,887**	**516,160**
8(b). Finance costs		
Interest expense on interest bearing loans	(1,988,440)	(1,724,079)
Interest expense on lease liabilities	(10,232)	(11,370)
Fair value loss on investments	-	(492,404)
Imputed finance cost on RAD and Bond balances - refer to Note 19	(2,837,316)	(2,761,198)
Total finance costs	**(4,835,988)**	**(4,989,051)**
Net finance costs	**(4,093,101)**	**(4,472,891)**

9. Income taxes

Jewish Care (Victoria) Inc. 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.

Notes to the Consolidated Financial Statements (continued)

	2023	2022
10. Trade and other receivables	**$**	**$**
Current		
Trade debtors	3,530,411	2,910,993
Allowance for expected credit losses	(225,901)	(378,907)
	3,304,510	**2,532,086**
Net goods and services tax recoverable	310,297	231,111
Other debtors	850,548	1,791,168
Loan debtors	1,020,651	788,740
Accrued income	1,020,578	131,407
	3,202,074	**2,942,426**
Total current receivables	**6,506,584**	**5,474,512**
Non-current		
Loan debtors	730,740	752,399
Allowance for expected credit losses	(71,631)	(147,742)
Total non-current receivables	**659,109**	**604,657**
Expected credit losses provision		
As at 1 July 2022	(526,649)	(640,453)
Charge for the year	(111,997)	(110,000)
Written Off	341,114	223,804
As at 30 June 2023	**(297,532)**	**(526,649)**

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 client's probability of default.

	2023	2022
	$	**$**
11. Financial assets		
Financial assets measured at fair value through profit or loss		
Equity securities - refer to Note 24.1	225,524	4,027,629
Corporate debt securities - refer to Note 24.1	2,019,015	6,332,393
	2,244,539	**10,360,022**
Financial assets measured at amortised cost		
Held to maturity investments - refer to Note 24.1	5,210,959	3,151,868
	5,210,959	**3,151,868**
Total Financial assets	**7,455,498**	**13,511,890**

	2023	2022
12. Other assets	**$**	**$**
Current		
Prepayments and deposits	879,819	550,666
Total Other Assets	879,819	550,666
Non-current		
Prepayments and deposits	654,072	676,225
Total Other Assets	654,072	676,225

Notes to the Consolidated Financial Statements (continued)

	2023	2022
	$	$
13. Property, plant and equipment		
Land and buildings at revalued amounts	301,279,065	301,991,293
Accumulated depreciation	(30,853,800)	(25,101,513)
	270,425,265	**276,889,780**
Works in progress	**156,774**	**156,774**
Right-of-use assets	378,979	436,255
Accumulated depreciation	(142,452)	(174,056)
	236,527	**262,199**
Furniture and fittings	18,816,557	18,432,225
Accumulated depreciation	(12,290,927)	(11,129,897)
	6,525,630	**7,302,328**
Motor vehicles	126,609	78,005
Accumulated depreciation	(36,404)	(16,569)
	90,205	**61,436**
Computer equipment	6,316,438	5,886,433
Accumulated depreciation	(5,331,362)	(4,592,410)
	985,076	**1,294,023**
Total property, plant and equipment	**278,419,477**	**285,966,540**

Reconciliation of carrying amount

	Land and buildings, at fair value	Works in progress, at cost	Motor Vehicles, at cost	Lease Right-of-Use Assets	Furniture and fittings, at cost	Computer equipment, at cost	Total
	$	$	$	$	$	$	$
Balance at 1 July 2022							
Gross carrying amount	301,991,293	156,774	78,005	436,255	18,432,225	5,886,433	326,980,985
Accumulated depreciation	(25,101,513)	-	(16,569)	(174,056)	(11,129,897)	(4,592,410)	(41,014,445)
Net carrying amount at 1 July 2022	**276,889,780**	**156,774**	**61,436**	**262,199**	**7,302,328**	**1,294,023**	**285,966,540**
Additions	2,537,738	-	48,604	116,780	384,332	430,005	3,517,459
Impairment of land & buildings	(261,077)						(261,077)
Revaluation of land & buildings	(2,988,889)	-	-	-	-	-	(2,988,889)
Transfers	-	-	-	-	-	-	-
Depreciation expense	(5,752,287)	-	(19,835)	(142,452)	(1,161,030)	(738,952)	(7,814,556)
Net carrying amount at 30 June 2023	**270,425,265**	**156,774**	**90,205**	**236,527**	**6,525,630**	**985,076**	**278,419,477**
Balance at 30 June 2023							
Gross carrying amount	301,279,065	156,774	126,609	553,035	18,816,557	6,316,438	327,248,478
Accumulated depreciation	(30,853,800)	-	(36,404)	(316,508)	(12,290,927)	(5,331,362)	(48,829,001)
Net carrying amount at 30 June 2023	**270,425,265**	**156,774**	**90,205**	**236,527**	**6,525,630**	**985,076**	**278,419,477**

Notes to the Consolidated Financial Statements (continued)

13. Property, plant and equipment (continued)

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.

The Organisation obtains independent valuations for properties periodically. As at 30 June 2023, 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 aged care facilities), in addition to appraisals performed by the Organisation that have been reviewed and assessed by the Committee.

External valuations use assumptions and judgements in relation to future matters and current assumptions (and in effect market movements in property values). 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 2023, there is market uncertainty and limited comparable transactions to provide a guide.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 25 and refer to Note 17 for assets pledged as security by the Organisation.

	2023 $	2022 $
14. Intangible assets		
Software	3,180,441	3,088,965
Accumulated depreciation	(2,956,371)	(2,811,302)
Total intangible assets	**224,070**	**277,663**

	Total $
Balance at 30 June 2022	277,663
Additions	91,475
Transfers	-
Amortisation expense	(145,068)
Balance at 30 June 2023	**224,070**

	2023 $	2022 $
15. Trade and other payables		
Trade payables	696,340	1,851,374
Sundry payables and accruals	5,122,488	6,006,018
	5,818,828	**7,857,392**

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.

	2023 $	2022 $
15.(a) Contract liabilities (deferred income)		
Commonwealth funded home care package payables	1,015,295	1,594,570
Deferred income - Government and other funding	3,263,024	1,233,522
Deferred income - Claims Conference	3,106,403	596,395
	7,384,722	**3,424,487**

(i) Commonwealth funded home care packages are funds received from the Commonwealth Government that have not yet been utilized under the Consumer Directed Care (CDC) model of home care. When services to a home care client cease any funds not utilized are repayable to the Commonwealth Government and client.

Notes to the Consolidated Financial Statements (continued)

16. Provisions	2023 $	2022 $
Current		
Employee benefits	**6,321,206**	**5,577,607**
Non-current		
Employee benefits	**1,689,814**	**1,277,478**

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.

17. Interest bearing loans and borrowings	2023 $	2022 $
Current		
Secured liabilities	-	-
Lease liabilities	144,864	136,631
Bank loans	19,288,830	-
Total current interest bearing loans and borrowings	**19,433,694**	**136,631**
Non-current		
Secured liabilities		
Lease liabilities	101,616	137,942
Bank loans	17,253,593	44,649,623
Total non-current interest bearing loans and borrowings	**17,355,209**	**44,787,565**

Refinancing of ANZ Loan Facilities

The Organisation has two loan facilities with a total amount payable to the ANZ Bank of $36,542,423 as at 30 June 2023.

The loan facilities are secured by a first registered mortgage over Windsor & Carnegie properties of the Organisation. One facility with an amount payable of $19,288,830 has a termination date of 29 December 2023. Subsequent to year end the loan has been extended to 14 December 2024. The nominal interest rate paid during the year on this facility was 3.50%-5.99%. The second facility with an amount payable of $17,253,593 has a termination date of 14 December 2024. The nominal interest rate paid during the year on this facility was 3.70%-6.19%

The Organisation has a bank overdraft facility with the ANZ Bank of up to $2.0 million at 30 June 2023. (2022: $2.0 million). None of the facility was utilised at balance date.

Assets pledged as security

The bank loans are secured by first mortgages over the consolidated land and buildings for Windsor and Carnegie Residential Aged Care facilities.

18. Refundable accommodation deposits	2023 $	2022 $
Refundable accommodation deposits	59,546,643	51,606,500
	59,546,643	**51,606,500**

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 an annual 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 at the reporting date, it is classified as a current liability in accordance with the accounting standard AASB 101 Presentation of Financial Statements.

Notes to the Consolidated Financial Statements (continued)

19. Leases

Organisation as a lessee: The Organisation has lease contracts for motor vehicles 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. A lease agreement for printer/copiers has been treated as Low Value Leases in accordance with AASB16

	Motor Vehicles	Other Equipment	Total
	$	$	$
Balance at 1 July 2022	262,199	-	262,199
Additions	116,780	-	116,780
Depreciation expense	(142,452)	-	(142,452)
Balance at 30 June 2023	**236,527**	-	**236,527**

Set out below are the carrying amounts of lease liabilities (included under interest bearing loans and borrowings refer to Note 17) and the movements during the period:

	2023	2022
	$	$
Balance at 30 June	274,574	463,674
Additions	116,780	-
Accretion of interest	10,232	11,370
Payments disclosed in the statement of cash flows	(155,105)	(200,470)
Balance at 30 June	**246,481**	**274,574**
Future lease payments		
Less than one year	144,865	136,632
One to five years	101,616	137,942
More than five years	-	-
	246,481	**274,574**

Extension options: The Organisation has included the impact of all extension options in the calculation of the lease liability and right of use assets recognised at 30 June 2023.

Organisation as a lessor: For residents that have chosen a Residential 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. In additional revenue includes imputed revenue in relation to residents who have chosen to pay a RAD or Bond. This is a non-cash amount.

The imputed non-cash charge for the year ended 30 June 2023 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 2023, then the calculation was completed up to this date.

	2023	2022
	$	$
Imputed revenue on RAD and Bond balances	2,837,316	2,761,198
Imputed finance cost on RAD and Bond balances	(2,837,316)	(2,761,198)

Notes to the Consolidated Financial Statements (continued)

		2023	2022
		$	$
20. Reserves			
General reserve	(a)	1,369,550	1,369,550
Asset revaluation	(b)	98,694,519	101,683,408
Other reserves	(c)	3,074,792	3,074,792
		103,138,861	**106,127,750**

	2023	2022
(a) General reserve		
Balance at the beginning and end of the year	**1,369,550**	**1,369,550**

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

	2023	2022
	$	$
(b) Asset revaluation reserve		
Balance at the beginning of the year	101,683,408	121,669,970
Revaluation of land & buildings	(2,988,889)	2,998,641
Transfer to accumulated funds on sale of a property	-	(22,985,203)
Balance at the end of the year	**98,694,519**	**101,683,408**

The asset revaluation reserve arises on the revaluation of land and buildings. Where revalued 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.

	2023	2022
(c) Other reserves	$	$
Balance at the beginning and end of the 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) Inc. (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.

	2023	2022
	$	$
21. Commitments for expenditure		
Capital expenditure commitments		
Not more than 1 year	-	74,530
More than 1 year and not more than 5 years	-	-
	-	**74,530**

Notes to the Consolidated Financial Statements (continued)

22. Controlled Entities

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

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

	2023 $	2022 $
23. Cash and cash equivalents		
Cash on hand	5,900	5,900
Cash at bank	8,435,027	8,926,584
	8,440,927	**8,932,484**

24. Financial assets and financial liabilities	Note	2023 $	2022 $
24.1 Financial assets			
Cash and cash equivalents - measured at amortised cost	23	8,440,927	8,932,484
Loans and receivables - measured at amortised cost	10	7,165,693	6,079,169
Held to maturity investments - measured at fair value	11 & 25	5,210,959	3,151,868
		20,817,579	18,163,521
Equity securities - measured at fair value through profit or loss	11 & 25	225,524	4,027,629
Corporate debt securities - measured at fair value through profit or loss	11 & 25	2,019,015	6,332,393
		2,244,539	10,360,022
		23,062,118	**28,523,543**

		2023 $	2022 $
24.2 Financial liabilities - measured at amortised cost			
Trade and other payables		1,500,564	3,804,659
Interest bearing loans	17	36,542,423	44,649,623
Lease liabilities	17	246,480	274,573
Refundable accommodation deposits	18	59,546,643	51,606,500
		97,836,110	**100,335,355**

24.3 Financial risk management objectives and policies

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.

Notes to the Consolidated Financial Statements (continued)

25. 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 current assumptions (and in effect market movements in property values). 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 2023:	**Date of last External Valuation**	**2023 $**
Residential aged care properties (and associated land)	8-Nov-21	44,833,682
Residential aged care properties (and associated land)	30-Jun-21	132,523,107
Residential aged care properties (and associated land)	30-Jun-23	45,950,000
Community housing properties	30-Jun-21	15,437,519
Community housing properties	30-Jun-23	13,989,597
Respite facility property	30-Jun-22	6,547,417
Supported accommodation properties	30-Jun-21	11,143,944
		270,425,266
Equity securities - the valuation model is based on quoted prices (unadjusted) in active markets.	30-Jun-23	225,524
Corporate debt securities - the valuation model is based on quoted prices (unadjusted) in active markets.	30-Jun-23	2,019,015
		2,244,539

Fair value measurement for assets as at 30 June 2022:	**Date of last External Valuation**	**2022 $**
Residential aged care properties (and associated land)	8-Nov-21	45,940,260
Residential aged care properties (and associated land)	30-Jun-21	135,082,088
Residential aged care properties (and associated land)	30-Jun-20	50,808,848
Community housing properties	30-Jun-21	15,343,200
Community housing properties	30-Jun-20	11,840,441
Respite facility property	30-Jun-22	6,650,000
Supported accommodation properties	30-Jun-21	11,224,943
		276,889,780
Equity securities - the valuation model is based on quoted prices (unadjusted) in active markets.	30-Jun-22	4,027,629
Corporate debt securities - the valuation model is based on quoted prices (unadjusted) in active markets.	30-Jun-22	6,332,393
		10,360,022

Notes to the Consolidated Financial Statements (continued)

26. Related party transactions

Note 22 provides information about the Organisation's structure, including details of the subsidiary. There were no transactions and outstanding balances that have been entered into with related parties for the relevant financial year.

(a) Key management personnel compensation

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

	2023	2022
	$	$
Total key management personnel compensation	2,588,001	2,137,486

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.

(b) Committee members

Lisa Kennett is a board member of Community Security Group (Vic) Limited which provides security advice to the Organisation.

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 Mike Debinski OAM (Retired as full Director 24 November 2022; appointed Co-opted Director 29 November 2022)
- Ms Sharon Gdanski
- Professor Sharon Goldfeld
- Ms Lisa Kennett OAM
- Mr Steven Klein
- Ms Susie Ivany OAM
- Mr Adam Joel
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Mr David Slade (Co-opted Director 25 October 2022; appointed full Director 24 November 2022)
- Ms Simone Szalmuk-Singer
- Adjunct Professor John Zelcer
- Mr Reuben Zelwer

27. Contingent Liabilities

Included in the Property, plant & equipment balances in Note 13 is 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 State Government of Victoria. The encumbrance requires that if the land were to be sold or transferred to an external party under a mortgagee sale, 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 2023 and an obligation to make any payment does not exist.

28. Subsequent events

Subsequent to the year end on 27 October 2023, the Organisation has received and accepted a revised loan agreement which includes revised financial covenants that specifically remove the ICR financial covenants, an extension of the Windsor loan facility to 14 December 2024 and revised principal repayment requirements which the Organisation expects to comply with.

Notes to the Consolidated Financial Statements (continued)

29. Information relating to Jewish Care (Victoria) Inc. (the Parent)

	2023	2022
	$	$
Results of the parent		
Surplus/(Deficit) for the year	(12,648,648)	(9,194,261)
Other comprehensive income for the year	(2,988,889)	2,998,641
Total comprehensive (loss)/income for the year	**(15,637,537)**	**(6,195,620)**
Financial position of the parent entity at year end		
Current assets	23,282,828	28,469,552
Total assets	303,239,556	315,994,637
Current liabilities	98,505,148	68,602,642
Total liabilities	117,550,171	114,667,685
Total equity of the parent entity comprising:		
Reserves	103,138,861	106,127,750
Accumulated funds	82,550,579	95,199,227
Total equity	**185,689,440**	**201,326,977**

At 30 June 2023, the Organisation has committed to a capital improvement at 619 St Kilda Road Melbourne. This commitment over the next 12 months is $57,704 (2022: $74,530).

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

	2023	2022
	$	$
30. Auditor's remuneration		
Auditors of the Group - KPMG		
- Audit and review of financial statements - Group	79,700	75,000
- Grant and Compliance audit	13,000	-
	92,700	**75,000**
Assurance services		
Auditors of the Group - KPMG		
- Other assurance services	10,000	13,000
Total auditor's remuneration	**102,700**	**88,000**

Declaration by Members of the Committee

In the opinion of the Committee of Management of Jewish Care (Victoria) Inc.:

(a) the Organisation is not publicly accountable;

(b) The consolidated financial statements and notes that are set out on pages 10 to 31 are in accordance with the Australian Charities and Not-for-profits Commission Regulations 2022 (and its associated regulations) including:

(i) giving a true and fair view of the Organisation's consolidated financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2022 (and its associated regulations); and

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

Signed in accordance with a resolution of the Committee:

Dated at Melbourne

Sharon Gdanski
Treasurer
Melbourne
31 October 2023

Lisa Kennett OAM
President
Melbourne
31 October 2023

Independent Auditor's Report

To the Committee of Management of Jewish Care (Victoria) Inc

Opinion

We have audited the ***Financial Report***, of the Jewish Care (Victoria) Inc. (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Regulation 2022*, and the *Associations Incorporations Reform Act 2012* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and *Australian Charities and Not-for-profits Commission Regulations 2022 (ACNCR)* and *Associations Incorporations Reform Act 2012*.

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2023.

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

iii. Notes including a summary of significant accounting policies.

iv. Member's of the Committee declaration.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

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 Group in accordance with the auditor independence requirements of the *ACNCR 2022* 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 these requirements.

Other information

Other Information is financial and non-financial information in Jewish Care (Victoria) Inc.'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Company's committee members are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Committee'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 Company's committee members for the Financial Report

The Company's committee members are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNCR and the Associations Incorporations Reform Act 2012

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 Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 Group 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 Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's committee members.

iv. Conclude on the appropriateness of the Company's committee members' 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 Group'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 Group 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 Company's committee members 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

Antoni Cinanni

Partner

Melbourne

31 October 2023

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Regulations 2022

To the Committee members of Jewish Care (Victoria) Inc.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Regulations 2022 in relation to the audit; and

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

KPMG

KPMG

Antoni Cinanni

Partner

Melbourne

31 October 2023