JewishCare
Enriching Lives

FINANCIAL REPORT 2018 19

Jewish Care (Victoria) Incorporated and Controlled Entities

ARN: A00 407 05X

ABN: 78 345 431 247

Annual report for the financial year ended 30 June 2019

Consolidated general purpose financial report for the financial year ended 30 June 2019

Committee's Report	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Statement by Members of the Committee	31
Independent Auditor's Report	32

Committee's report

The Committee of Management (the Committee) members of Jewish Care (Victoria) Incorporated submit herewith the annual financial report of Jewish Care (Victoria) Incorporated and Controlled Entities (collectively, the "Organisation") for the financial year ended 30 June 2019. The Committee members report as follows:

- Mr Jeffrey Appel (OAM)
- Mr Frank Ajzensztat
- Mr Mike Debinski
- Mr Rohan Filer
- Prof Sharon Goldfeld
- Ms Susie Ivany (OAM)
- Mr Adam Joel
- Ms Lisa Kennett
- Mr Greg Nankin (term expired November 2018)
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Ms Simone Szalmuk-Singer
- Mr Reuben Zelwer (appointed November 2018)

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

Principal activities

The principal activities of the Organisation during the financial year ended 30 June 2019 were to promote and provide for the wellbeing of Jewish people in need of care in the State of Victoria, and attend to their physical, mental, emotional and spiritual needs.

Review of operations

Jewish Care is a not-for-profit entity relying on community support for its works. 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 $24,968,722 as at 30 June 2019 (2018: $11,834,599). This primarily arises because of the requirement under Australian Accounting Standards to classify Refundable Accommodation Deposits of $51,678,789 (2018: $54,545,392) as current liabilities (refer to Note 18 for further details).

Surplus from ordinary activities for the year of $701,218 (2018 deficit: $327,777) is made up as follows:

Review of Operations	**2019**	**2018**
	$	**$**
Surplus after tax	**11,266,751**	**1,791,736**
Non-recurring items:		
- Gain on sale of property, plant and equipment	(5,443,284)	-
Total non-recurring items	**(5,443,284)**	**-**
Recurring items:		
- Bequests	(2,618,463)	(2,116,158)
- Capital appeal	(5,023,633)	(2,758,167)
- Depreciation and amortisation	2,519,847	2,754,812
Total recurring items:	**(5,122,249)**	**(2,119,513)**
Surplus/(Deficit) from ordinary activities of the Organisation after related income tax	**701,218**	**(327,777)**

Net assets

Movement in net assets is made up of:	**2019**	**2018**
	$	**$**
Opening balance	194,910,430	181,660,616
Add: Surplus after tax	11,266,751	1,791,736
Add: Revaluation increment in land and buildings	2,122,511	11,458,079
Closing balance	**208,299,692**	**194,910,430**

Changes in state of affairs

The organisation has strategic development plans that commenced in financial year 2019 including the development of a 120 bed senior living precinct in Carnegie, Victoria and an extension of Gary Smorgon House known as Anne and Eric Smorgon Active Living Centre. Both these development projects were in progress at June 2019 with the Carnegie project expected to be completed in financial year 2021. A development of a 156 bed senior living precinct at 619 St Kilda Road, Melbourne commenced in June 2017 and is expected to be completed in financial year 2020 and the commencement of a Windsor stage 2 development is planned upon completion of stage one

Subsequent events

There have not been any matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Organisation, the results of those operations, or the state of affairs of the Organisation 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 director or officer, first made against them jointly or severally during the period of insurance and notified to the insurer during the indemnity period.

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

Indemnification of auditors

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

Committee's meetings

The following table sets out the number of Committee meetings held during the financial year and the number of meetings attended by each director (while they were a Committee member). During the financial year, 11 Committee meetings were held.

	Committee Meetings	
Directors	**Eligible to attend**	**Attended**
Mr Jeffrey Appel (OAM)	11	9
Mr Frank Ajzensztat	11	10
Mr Mike Debinski	11	9
Mr Rohan Filer	11	11
Prof Sharon Goldfeld	11	7
Ms Susie Ivany (OAM)	11	9
Mr. Adam Joel	11	9
Ms Lisa Kennett	11	9
Mr Greg Nankin	4	4
Mr Michael Schoenfeld	11	10
Mr Andrew Schwartz	11	9
Ms Simone Szalmuk-Singer	11	10
Mr Reuben Zelwer	7	7

Proceedings on behalf of the Organisation

No person has applied for leave of Court to bring proceedings on behalf of the Organisation or intervene in any proceedings to which the Organisation is party for the purpose of taking responsibility on behalf of the Organisation for all or any part of those proceedings.

The Organisation was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Committee.

On behalf of the Committee

Committee Member
Melbourne, 24 September 2019

Committee Member
Melbourne, 24 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

		Consolidated Entity	
		2019	2018
	Note	$	$
Fees and charges		22,650,187	21,244,671
Government subsidies		37,932,921	39,040,992
Other revenues	4	18,401,599	11,986,338
Total revenues		**78,984,707**	**72,272,001**
Employee benefits expense	6	(44,233,656)	(45,590,054)
Depreciation and amortisation expenses	5	(2,519,847)	(2,754,812)
Community development expenses		(2,178,112)	(2,276,706)
External services expenses		(6,036,633)	(6,386,497)
Food expenses		(4,797,983)	(4,796,715)
Repairs and maintenance expenses		(2,222,234)	(2,549,614)
Medical and other supplies		(613,471)	(638,923)
Consulting expenses		(462,749)	(570,102)
Energy expenses		(683,073)	(597,268)
Administration expenses		(2,284,967)	(2,437,493)
Laundry expenses		(544,389)	(524,436)
Other expenses	7	(1,140,843)	(1,357,646)
Total expenses		**(67,717,956)**	**(70,480,265)**
Surplus before tax		**11,266,751**	**1,791,736**
Income tax expense	8	-	-
Surplus after tax		**11,266,751**	**1,791,736**
Other comprehensive income			
Other comprehensive income to be reclassified to profit & loss in subsequent periods:		-	-
Other comprehensive income not to be reclassified to profit & loss in subsequent periods:			
- revaluation of land and buildings	19	2,122,511	11,458,079
Other comprehensive income for the year		2,122,511	11,458,079
Total comprehensive income for the year		**13,389,262**	**13,249,815**

Consolidated Statement of Financial Position as at 30 June 2019

		Consolidated Entity	
		2019	2018
	Note	$	$
Current assets			
Cash and cash equivalents	22	14,730,715	8,104,166
Trade and other receivables	9	6,975,026	4,837,982
Assets held for sale	12	-	5,084,854
Financial assets	10	28,717,738	39,360,358
Other assets	14	272,905	193,504
Total current assets		**50,696,384**	**57,580,864**
Non-current assets			
Trade and other receivables	9	2,659,151	2,548,871
Other assets	14	736,093	769,429
Property, plant and equipment	11	248,993,937	203,590,533
Intangible assets	13	597,305	948,589
Investment properties	12	-	-
Total non-current assets		**252,986,486**	**207,857,422**
Total assets		**303,682,870**	**265,438,286**
Current liabilities			
Trade and other payables	15	14,049,958	10,878,495
Provisions	16	3,930,265	3,991,576
Borrowings	17	6,006,094	-
Refundable accommodation deposits	18	51,678,789	54,545,392
Total current liabilities		**75,665,106**	**69,415,463**
Non-current liabilities			-
Provisions	16	1,420,601	1,112,393
Borrowings	17	18,297,471	-
Total non-current liabilities		**19,718,072**	**1,112,393**
Total liabilities		**95,383,178**	**70,527,856**
Net assets		**208,299,692**	**194,910,430**
Equity			
Reserves	19	125,936,163	125,613,652
Accumulated funds		82,363,529	69,296,778
Total equity		**208,299,692**	**194,910,430**

Consolidated Statement of Changes in Equity
for the year ended 30 June 2019

	Asset revaluation reserve	General reserves	Other reserves	Accumulated funds	Total equity
	$	$	$	$	$
Balance at 30 June 2017 (restated)	**109,711,231**	**1,369,550**	**3,074,792**	**67,505,043**	**181,660,616**
Surplus for the year	-	-	-	1,791,736	1,791,736
Other comprehensive income for the year	11,458,079	-	-	-	11,458,079
Total comprehensive income for the year	**11,458,079**	**-**	**-**	**1,791,736**	**13,249,815**
Balance at 30 June 2018	**121,169,310**	**1,369,550**	**3,074,792**	**69,296,778**	**194,910,430**
Surplus for the year	-	-	-	11,266,751	11,266,751
Derecognition of prior year revaluations	(1,800,000)	-	-	1,800,000	-
Other comprehensive income for the year	2,122,511	-	-	-	2,122,511
Total comprehensive income/(loss) for the year	**322,511**	**-**	**-**	**13,066,751**	**13,389,262**
Balance at 30 June 2019	**121,491,821**	**1,369,550**	**3,074,792**	**82,363,529**	**208,299,692**

Consolidated Statement of Cash Flows
for the year ended 30 June 2019

	Note	Consolidated Entity 2019	Consolidated Entity 2018
		$	$
Cash flows from operating activities			
Receipts from residents and government subsidies		70,339,813	68,796,890
Payments to suppliers and employees		(61,825,672)	(62,952,143)
Interest and dividend received	4	1,344,773	590,356
Proceeds from accommodation bonds held in trust		16,647,836	15,032,337
Repayment of accommodation bonds held in trust		(19,409,807)	(16,913,219)
Net cash flows from operating activities		**7,096,943**	**4,554,221**
Cash flows from investing activities			
Proceeds from disposal of financial assets		10,147,359	13,733,580
Proceeds from borrowings		24,303,565	-
Proceeds from disposal of asset held for sale		10,528,138	-
Payments for property, plant and equipment	11	(45,304,370)	(17,514,595)
Purchase of intangibles	13	(145,086)	(401,338)
Net cash flows from/(used in) investing activities		**(470,394)**	**(4,182,353)**
Net increase in cash and cash equivalents		**6,626,549**	**371,868**
Cash and cash equivalents at the beginning of the year		**8,104,166**	**7,732,298**
Cash and cash equivalents at the end of the year	22	**14,730,715**	**8,104,166**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

1. Corporate information
The consolidated financial statements of Jewish Care (Victoria) Incorporated and its controlled entities (collectively, the Organisation) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Committee members on 24 September 2019.

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

619 St Kilda Road
Melbourne, Victoria 3004
Australia

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

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

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

The consolidated statement of financial position discloses a net current assets deficiency of $24,968,722 as at 30 June 2019 (2018: $11,834,599) for the Organisation. This mainly arises as a result of the requirement to classify refundable accommodation deposits as current liabilities. While the refundable accommodation deposits are repayable on demand, they form the basis of long term funding and are generally replaced by incoming residents. The Committee therefore believes that the going concern basis of preparation is appropriate.

2.2 Statement of Compliance

The Organisation has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 July 2014.

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

2.3 New and amended accounting standards and interpretations

The Organisation applied AASB 9 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in the current year, but do not have an impact on the consolidated financial statements of the organisation. The organisation has not early adopted any standard, interpretations or amendments that have been issued but are not yet effective.

AASB 9 *Financial Instruments*
AASB 9 establishes the principles for the financial reporting of financial assets and liabilities. AASB 9 replaces the guidance previously contained within AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 is effective for the first time at 30 June 2019 for the Organisation. AASB 9 is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit and loss as they arise ("FVTPL"), unless restrictive criteria are met for classifying and measuring the asset at either amortized cost or fair value through other comprehensive income ("FVOCI"). The new classification requirements are based on both the entity's business model for managing the financial assets and the contractual cash flow characteristics. The key impact from the change to AASB 9 from AASB 139 is the change in methodology for recognising impairment of financial assets (specifically the trade receivables). Refer to Note 3 (m) for further details.

New accounting standards for application in future periods, effective for the financial year ended 30 June 2020
The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Organisation has decided not to early adopt these Standards, namely AASB15, AASB 1058 and AASB 16. The following summarises those future requirements and their impact on the Organisation where the standard is relevant:

AASB 15 *Revenue from Contracts with Customers*
The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. AASB 15 introduces a five step process for revenue recognition with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Revenue recognition changes from the current "transfer of risks and rewards" model to a "transfer of control" model. The changes may result in changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures on service revenue and contract modifications. The impact of AASB 15 on revenue recognition and measurement is currently being assessed by the Organisation.

AASB 1058 *Income of Not-for-Profit Entities*
AASB 1058 superseded the income recognition requirements previously in AASB 1004 Contributions. 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. The impact of AASB 1058 on revenue recognition and measurement is currently being assessed by the Organisation.

AASB 16 *Leases*
AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. AASB 16 requires a lessee to recognise its leases on the balance sheet and involves recognising a 'right-of-use' asset and a lease liability. Historically the expense relating to them have only been recognised in the Statement of Profit or Loss & Other Comprehensive Income. The Organisation is in the process of considering the impact on the consolidated financial statements and measurement has not been assessed at this stage.

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 to be 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.

2.4 Significant accounting judgements, estimates and assumptions (continued)

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 2019 are included in the following notes:

- Note 9 – Allowance for expected credit losses
- Note 10 – Financial assets
- Note 11 – Property, plant and equipment
- Note 16 – Provisions
- Note 17 - Borrowings

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 2019:

(a) Basis of consolidation

A controlled entity is any entity controlled by Jewish Care (Victoria) Incorporated. The consolidated financial statements comprise the financial statements of the Organisation and its subsidiaries as at 30 June 2019. 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 21.

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

(b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Organisation classifies all other liabilities as non-current.

3. Significant accounting policies (continued)

(c) Fair value measurement

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Organisation has determined classes of assets and liabilities on the basis of 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, 12, 19(b), 23
- Quantitative disclosures of fair value measurement Note 24
- Property, plant and equipment under revaluation model Note 3(i), 11, 19(b)
- Financial instruments (including those carried at amortised cost) Note 3(m), 3(n), 3(o)

(d) Revenue recognition

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

Bequests and donations

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

Rendering of services

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

3. Significant accounting policies (continued)

Interest income
For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

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

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

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

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

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

(g) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

(i) 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

(ii) 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.

3. Significant accounting policies (continued)

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 AASB116. In the situation if the market value is above its carrying amount, any net revaluation increment arising is credited to the asset revaluation reserve, except where a net revaluation decrement has previously been recognised as an expense for that particular class of assets, in which case the net revaluation increment is recognised as revenue, but only to the extent of the previous revaluation decrement.

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

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

Buildings under construction represent the accumulated cost of materials and any other costs incurred relating to the construction. These costs, amongst others, include labour, import duties, installation, assembly and professional fees incurred to bring the asset to the location and condition needed for it to operate in the manner intended by management. When the construction is completed and the assets are ready for its intended use, these costs are then transferred to the relevant accounts and subject to the fair value revaluations policy. Depreciation of these assets commence when they are available for use and is computed using the straight-line method.

Plant and equipment
Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.
The carrying amount is reviewed by the Committee to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employed and subsequent disposal.

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

3. Significant accounting policies (continued)

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

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

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

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

(j) Leases

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

Organisation as a lessee

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

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

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Organisation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Organisation as a lessor

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

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.

(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

3. Significant accounting policies (continued)

useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

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

Software

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

(m) Financial assets

Initial recognition and measurement

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

The assessment of the Organisation's business model was made as of initial application, 1 July 2018 and applied to those financial assets. The classification and measurement requirements of AASB 9 did not have a significant impact on the Organisation. The Organisation continued measuring at fair value or amortised cost, all financial assets previously held at fair value or amortised cost.

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9.

Derecognition

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

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

When the Organisation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the

3. Significant accounting policies (continued)

Organisation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Organisation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Organisation has retained.

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

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

- Disclosures for significant assumptions Note 3
- Financial assets Note 10, 23
- Trade receivables Note 9

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

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 23.

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

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

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

- Disclosures for significant assumptions Note 3
- Property, plant and equipment Note 11
- Intangible assets Note 13

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.

3. Significant accounting policies (continued)

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

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

(p) Cash and cash equivalents

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

(q) Provisions

General

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

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

Restructuring and redundancy provisions

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

Salaries and wages

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

Long service leave and annual leave

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

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

(r) Refundable accommodation deposits

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

3. Significant accounting policies (continued)

(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.

	2019	2018
4. Revenue	**$**	**$**
Other revenues		
Donations	926,732	1,023,115
Bequests	2,618,463	2,116,158
Appeals	3,256,015	3,506,317
Interest and dividend income	1,344,773	590,356
Capital appeal	5,023,633	2,758,167
Fair value gain / (loss) on investments	(495,119)	1,598,792
Gain on sale of property, plant & equipment	5,443,284	-
Other	283,818	393,433
Total other revenue	**18,401,599**	**11,986,338**
5. Depreciation and amortisation of non-current assets		
Computer equipment	(259,423)	(277,702)
Buildings	(832,707)	(898,117)
Investment property	-	(146,667)
Software	(496,370)	(531,989)
Furniture, fixtures, fittings	(931,347)	(900,337)
Total depreciation and amortisation	**(2,519,847)**	**(2,754,812)**
6. Employee benefits expenses		
Salary, wages and related costs	(40,718,265)	(41,933,561)
Superannuation	(3,030,683)	(3,041,541)
Workcover expenses	(484,708)	(614,952)
Total employee benefits expenses	**(44,233,656)**	**(45,590,054)**
7. Other expenses		
Security services	(14,176)	(19,768)
Travel and motor vehicle expenses	(791,112)	(713,434)
Rates and insurance	(246,548)	(531,653)
Rental expenses	(20,715)	(21,186)
Other expenses	(68,292)	(71,605)
Total other expenses	**(1,140,843)**	**(1,357,646)**

8. Income taxes

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

9. Trade and other receivables	2019 $	2018 $
Current		
Accommodation debtors	1,656,568	1,165,731
Allowance for expected credit losses	(211,879)	(197,062)
	1,444,689	**968,669**
Goods and services tax recoverable	1,363,473	647,639
Other debtors	324,390	282,754
Accrued income	1,441,352	258,115
Claims Conference funding receivable	2,401,122	2,680,805
	6,975,026	**4,837,982**
Non-current		
Loan debtors	2,659,151	2,548,871
Allowance for expected credit losses	-	-
	2,659,151	**2,548,871**

No interest is charged on the trade receivables. An allowance has been made for estimated non-recoverable amounts arising from the past allowance of accommodation and services, determined by reference to past default experience. The Organisation has allowed for specific receivables over 90 days determined by reference to their re-payment history.

Allowance for expected credit losses	2019 $	2018 $
As at 1 July 2018	197,062	178,323
Charge for the year	72,584	71,011
Written Off	(57,767)	(52,272)
As at 30 June 2019	**211,879**	**197,062**

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

10. Financial assets	2019 $	2018 $
Financial investments - fair value through profit and loss	19,548,347	38,498,848
Term deposits	9,169,391	861,510
	28,717,738	**39,360,358**

11. Property, plant and equipment	2019 $	2018 $
Land and buildings at fair value	194,962,744	188,714,222
Accumulated depreciation	(11,528,328)	(10,697,459)
	183,434,416	**178,016,763**
Buildings under construction	60,561,517	20,352,684
Furniture and fittings	14,335,317	13,605,823
Accumulated depreciation	(9,665,770)	(8,734,274)
	4,669,547	**4,871,549**
Computer equipment	3,350,671	3,112,329
Accumulated depreciation	(3,022,214)	(2,762,792)
	328,457	**349,537**
Total property, plant and equipment	**248,993,937**	**203,590,533**

	Land and buildings at fair value $	Buildings under construction $	Furniture and fittings at cost $	Computer equipment $	Total $
Balance at 30 June 2018	178,016,763	20,352,684	4,871,549	349,537	203,590,533
Additions	187,120	44,149,562	729,345	238,343	45,304,370
Revaluation of land & buildings	2,122,511	-	-	-	2,122,511
Transfers	3,940,729	(3,940,729)	-	-	-
Depreciation expense	(832,707)		(931,347)	(259,423)	(2,023,477)
Balance at 30 June 2019	**183,434,416**	**60,561,517**	**4,669,547**	**328,457**	**248,993,937**

Revaluation of land and buildings

As per AASB 116 *Property, plant and equipment*, land and buildings is grouped as a separate asset class.

As at the date of revaluation, 30 June 2019, fair values of the properties are based on certain asset external valuations performed by Knight Frank, an accredited independent valuer who has valuation experience for similar land and buildings in Australia, as well as annual appraisals reviewed and endorsed by the Committee for other existing properties. A net revaluation increment to land and buildings of $2,122,511 was recognised in Other Comprehensive Income.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 24.

12. Investment Properties

	2019 $	2018 $
Balance at the beginning of the year	-	5,231,521
Transfer from Property, plant and equipment	-	-
Depreciation expense	-	(146,667)
Transfer to Assets held for sale	-	(5,084,854)
Balance at end of year	-	-

12. Investment properties (continued)

During the prior year, the facility at Northcote Ave. Caulfield was no longer held as an investment property. The property was transferred from investment properties to assets held for sale on 1st June 2018 to reflect the change in use of the asset. On 21 September 2018, the Organisation entered into a contract of sale to sell the property at Northcote Ave. Caulfield. Settlement occurred in March 2019. There are no other properties held for sale during the year or at end of 30 June 2019.

13. Intangibles

	2019	2018
	$	$
Software work in progress	112,686	46,929
Software	2,600,764	2,521,433
Accumulated depreciation of software	(2,116,146)	(1,619,773)
	484,619	901,660
Total intangibles	**597,305**	**948,589**

	Software	Software WIP	Total
	$	$	$
Balance at 30 June 2018	901,659	46,930	948,589
Additions	72,730	72,356	145,086
Transfers	6,600	(6,600)	-
Amortisation expense	(496,370)	-	(496,370)
Balance at 30 June 2019	**484,619**	**112,686**	**597,305**

14. Other assets

	2019	2018
	$	$
Current		
Prepayments and deposits	272,905	193,504
Total Prepayments and deposits	**272,905**	**193,504**
Non-current		
Prepayments and deposits	736,093	769,429

15. Trade and other payables

	2019	2018
	$	$
Trade payables	8,036,687	4,750,417
Sundry payables and accruals	4,967,493	5,111,008
Commonwealth funded home care packages	1,042,280	1,009,819
Resident funds	3,498	7,251
	14,049,958	**10,878,495**

15. Trade and other payables (continued)

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

The average credit period on purchases of goods and services is 60 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Specific suppliers may choose to charge interest after that period. The continuous monitoring of cash flow ensures that all payables are paid within the credit timeframe.

16. Provisions

	2019	2018
	$	$
Current		
Employee benefits	3,930,265	3,991,576
Non-current		
Employee benefits	1,420,601	1,112,393

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. Borrowings

	2019	2018
	$	$
Current		
Secured liabilities		
Bank loans	6,006,094	-
Non-current		
Secured liabilities		
Bank loans	18,297,471	-

(a) Bank loan facility

	2019	2018
Total cash advance facility available	95,100,000	
Amount utilised	(24,303,565)	-
Unused facility	70,796,435	-

The Organisation has organised a loan facility totaling $95.1 million for financing the construction costs of the new development project at 619 St Kilda Road Melbourne which amounts to $60.1 million and No.1 Wahgoo Rd Carnegie which amounts to $35.0 million. Drawdown from these facilities was $ 24.3 million as at balance date. There is a further $6.0 million facility available for interest capitalised.

The amounts classified as current are due to a contractual obligation for repayments, when refundable accommodation deposits are received for the completed properties. This amount is based on the Organisations experience and judgements relating to the receipt and timing of refundable accommodation deposits and the expected completion dates of the developments.

The bank loans are secured by a first registered mortgage over certain freehold land and buildings of the Organisation. The borrowing facility from the ANZ Bank is for a five year interest and principal loan facility.

	2019	2018
	$	$
18. Refundable accommodation deposits		
Refundable accommodation deposits	51,678,789	54,545,392
	51,678,789	**54,545,392**

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 Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund bond 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 on a quarterly basis.

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

		2019	2018
		$	$
19. Reserves			
General reserve	(a)	1,369,550	1,369,550
Asset revaluation	(b)	121,491,821	121,169,310
Other reserve	(c)	3,074,792	3,074,792
		125,936,163	**125,613,652**

(a) General reserve		
Balance at the beginning and the 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.

(b) Asset revaluation reserve		
Balance at the beginning of the year	121,169,310	109,711,231
Gain on revaluation of land & buildings	2,122,511	11,458,079
Derecognition of prior year revaluations	(1,800,000)	-
Balance at the end of the year	**121,491,821**	**121,169,310**

The asset revaluation reserve arises on the revaluation of share investments and land and buildings. Where revalued shares, 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 surplus.

	2019	2018
(c) Other reserve	$	$
Balance at beginning of financial year	3,074,792	3,074,792
(Distributed)/undistributed reserves	-	-
Balance at the beginning and the end of financial year	**3,074,792**	**3,074,792**

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

Commitments - Montefiore Home for the Aged Foundation Inc. (The Foundation)
The merger of the former Montefiore Homes for the Aged Incorporated and Jewish Community Services Incorporated to create Jewish Care (Victoria) Incorporated (JCV) led to the winding up of the former Foundation. It was recognised prior to the winding up that some donations were made to the Foundation for certain specific purposes and although it was not a requirement of the winding up of the Foundation that the monies be used for the specific purpose, the Foundation and JCV agreed that it would be appropriate to fulfil in spirit the conditions attached to the specific purpose donations by obliging JCV to dedicate funds to the specific purposes on an ongoing basis. Therefore, certain funds included in investments can only be used for specific purposes. The conditions for the specific purpose donations have been met by JCV for the year ended 30 June 2019.

	2019	2018
	$	$
20. Commitments for expenditure		
Capital expenditure commitments		
Not more than 1 year	79,222,563	78,695,287
More than 1 year and not more than 5 years	13,724,700	49,382,169
	92,947,263	**128,077,456**

At 30 June 2019, Jewish Care Committee has committed to various capital developments. These commitments over the next five years currently equate to $92,947,263 relating mainly to the 619 St.Kilda Rd development. The organisation has pledged 619 St. Kilda Rd Melbourne as collateral to the bank for a loan facility. The property is currently valued at $65.70m.

No.1 Wahgoo Rd, Carnegie has also been pledged to the bank for a loan facility. This property is currently valued at $11.75m.

The timing and cost of the following two main projects are subject to change, Wahgoo Rd Carnegie anticipated completion date in the financial year ending June 2021 and Anne and Eric Smorgon Active Living Centre anticipated completion date in the financial year end June 2020.

	2019	2018
Operating lease commitments	$	$
Motor vehicle leases		
Not more than 1 year	178,598	33,345
More than 1 year and not more than 5 years	540,593	-
	719,191	**33,345**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are amortised on a straight-line basis over the life of the lease term. The above amounts relate to motor vehicle leases which are non-cancellable leases with terms between 6 months and 5 years.

21. Controlled Entities

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

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

	2019 $	2018 $
22. Cash and cash equivalents		
Cash on hand	9,119	9,119
Cash at bank	14,721,596	8,095,047
	14,730,715	**8,104,166**

The Group has bank overdraft facilities organised with ANZ Bank up to $2.0 million at 30 June 2019 (2018: $2.0 million). None of the facility was used as at balance date.

23. Financial assets and financial liabilities	2019 $	2018 $
23.1 Financial assets		
Cash and cash equivalents	14,730,715	8,104,166
Loans and receivables	9,634,177	7,386,853
Held to maturity investments	9,169,391	861,510
Financial Investments	19,548,347	38,498,848
	53,082,630	**54,851,377**
23.2 Financial liabilities		
Trade payables	14,049,958	10,878,495
Borrowings	24,303,565	-
Refundable accommodation deposits	51,678,789	54,545,392
	90,032,312	**65,423,887**

23.3 Financial risk management objectives and policies

(a) Foreign Currency Risk

The Organisation did undertake transactions denominated in foreign currencies during the year for the provision of services to clients funded by overseas organisation(s).

(b) Interest Rate Risk

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

24. Fair value measurement

The following table provides the fair value measurement of the Organisation's assets and liabilities. 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 2019:	Date of Valuation	2019 $
Residential aged care properties [(a)]	30 June 2019	131,223,104
Community housing properties	30 June 2019	35,522,285
Respite facility [(b)]	30 June 2019	6,200,000
Supported accommodation properties	30 June 2019	10,489,027

Fair value measurement for assets as at 30 June 2018:	Date of Valuation	2018 $
Residential aged care properties	30 June 2018	131,200,000
Community housing properties	30 June 2018	31,538,041
Respite facility	30 June 2018	4,778,720
Supported accommodation properties	30 June 2018	10,500,000

(a) includes external property valuation for 1 Wahgoo Rd Carnegie by Knight Frank
(b) includes external property valuation for 476-478 Glen Eira Rd Caulfield by Knight Frank

25. Related party transactions

Note 21 provides information about the Organisation's structure, including details of subsidiaries. There were no transactions and outstanding balances that have been entered into with related parties for the relevant financial year.

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

	2019 $	2018 $
Key management personnel compensation	2,349,258	2,047,913

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

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

Mr Jeffrey Appel (OAM) in his capacity as a member of the Committee of Management is also a principal of SBA Law who has provided pro-bono legal services to the Organisation.

Key management personnel compensation

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

Committee of Management

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

- Mr Jeffrey Appel (OAM)
- Mr Frank Ajzensztat
- Mr Mike Debinski
- Mr Rohan Filer
- Prof Sharon Goldfeld
- Ms Susie Ivany (OAM)
- Mr Adam Joel
- Ms Lisa Kennett
- Mr Greg Nankin (term expired November 2018)
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Ms Simone Szalmuk-Singer
- Mr Reuben Zelwer (appointed November 2018)

26. Subsequent events

There have not been any matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Organisation, the results of those operations, or the state of affairs of the Organisation in future financial years.

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

	2019 $	2018 $
Current assets	50,134,762	57,035,364
Total assets	303,121,249	264,892,786
Current liabilities	69,252,744	69,077,196
Total liabilities	94,976,910	70,189,588
Net assets	208,144,339	194,703,198
Reserves	125,887,338	125,564,826
Accumulated funds	82,257,001	69,138,372
Total equity	208,144,339	194,703,198
Net surplus / (deficit) of the Parent entity	11,318,629	1,845,127
Total comprehensive income / (deficit) of the Parent entity	13,441,140	13,303,206

At 30 June 2019, Jewish Care Committee has committed to various capital developments. These commitments over the next five years currently equate to $92,947,263 relating mainly to the 619 St.Kilda Rd development. The organisation has pledged 619 St. Kilda Rd Melbourne as collateral to the bank for a loan facility. The property is currently valued at $65.70m.
No.1 Wahgoo Rd, Carnegie has also been pledged to the bank for a loan facility. This property is currently valued at $11.75m.

The timing and cost of the following two main projects are subject to change, Wahgoo Rd Carnegie anticipated completion date in the financial year ending June 2021 and Anne and Eric Smorgon Active Living Centre anticipated completion date in the financial year end June 2020.

Statement by Members of the Committee

For the year ended 30 June 2019

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

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

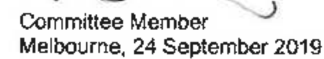
(i) comply with Australian Accounting Standards Reduced Disclosure Regime and the *Associations Incorporation Reform Act 2012* (and its associated regulations); and

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.

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

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

Committee Member
Melbourne, 24 September 2019



Committee Member
Melbourne, 24 September 2019

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

Opinion

We have audited the consolidated financial report of Jewish Care (Victoria) Incorporated and its controlled entity (collectively, the "Association"), which comprises the consolidated statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement by members of the Committee for the consolidated entity comprising the Association and the entity it controlled at the year's end or from time to time during the year.

In our opinion the accompanying financial report gives a true and fair view, in all material respects, of the financial position of the Association as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Associations Incorporation Reform Act 2012 and its associated regulations.

Basis for Opinion

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

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

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

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

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

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

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

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Building a better working world

Responsibilities of the Committee of Management for the Financial Report

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

In preparing the financial report, the committee of management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee of management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Ernst & Young

Ernst & Young

Christopher Reid
Partner
Registered Company Auditor
Melbourne
24 September 2019

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation