# Central Coast Alternative Care Group Ltd

# Trading as Coastlink Respite Care

# ABN 96 002 951 868

**Financial Report**
**For The Year Ended**
**30 June 2020**

**CENTRAL COAST ALTERNATIVE CARE GROUP LTD**
**TRADING AS COASTLINK RESPITE CARE**
**ABN 96 002 951 868**

# Financial Report
## For The Year Ended 30 June 2020

**Page Number**

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## DIRECTORS' REPORT

Central Coast Alternative Care Group Ltd director(s) presents this report on the company for the financial year ended 30 June 2020.

### Directors

The name(s) of the director(s) in office at any time during or since the end of the year are:

- John Mouland (Chair)
- Stephen Glen (Deputy Chair) – (October 2019)
- Associate Professor; Dr Lisa Barnes (Treasurer)
- Ainslie Whitburn (Director) – (October 2019)
- Anthony Tuxworth (Director)
- Helen Roberts (Director)
- Steven Paul (Director)

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

### Operating result

The surplus of the company for the financial year amounted to $806,488 (2019: surplus $718,335).

### Review of Operations

A review of the company's operations during the financial year, and the results of those operations, shows that the Company continues to meet all Disability comply with the *Disability Practice Standards* and *Aged Care Quality Standards*, including quality and safeguarding arrangements that provide assurance to Coastlink disability and aged care clients.

The company's operations during the year performed as expected in the opinion of the director(s).

### Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

However, the global COVID-19 Pandemic saw significant changes to funding streams and changes to business delivery models. The Company maintained business continuity throughout the Pandemic through well-formed decisions and maintaining strategic alignment to our Strategic Plan and close relationship engagement with clients.

### Principal Activities

The principal activities of the company during the financial year were supports delivered in the following programs:

- National Disability Insurance Scheme;
- Commonwealth Home Support Programme; and
- Continuity of Support Programme.

No significant change in the nature of these activities occurred during the year.

## DIRECTORS' REPORT

**Contributions on winding up**
In the event of the company being wound up, ordinary members are required to contribute a maximum of $2 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $14, based on 7 current ordinary members.

**Environmental issues**
The Responsible persons believe the company has complied with all significant environmental regulations under a law of the Commonwealth or of a state or territory.

**Dividends**
The Corporations Law prohibits a company limited by guarantee from paying dividends.

***Events Subsequent to the End of the Reporting Period***
The Federal Government announced major restrictions on all organisations operating within the Australian economy in mid-March 2020 due to the COVID-19 health emergency impacting the Australian community.

Fortunately, the Company has been able to adapt and continue to operate throughout this period. The Company has introduced a number of changes to adapt the Company to the obligation set down by NSW Health and other government agencies to meet its obligations to the Australian community.

Other than the matter noted above, 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 company, the results of those operations, or state of affairs of the company in future financial years.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 60 of the *Australian Charities and Not-for-profit Commission Act 2012* is set out on page 12.

This director's report is signed in accordance with a resolution of the directors

Director
Date 9/10/20
JOHN MOULAND (CHAIR)

Director
Date 9/10/20
Lisa Barnes (Treasurer)

## Auditor's Independence Declaration

## To the Members of Central Coast Alternative Care Group Limited Trading as Coastlink Respite Care

As lead auditor for the audit of Central Coast Alternative Care Group Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Non-for-profits Commission Act 2012* in relation to the audit; and

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

**FORTUNITY ASSURANCE**

Adrian Thompson
**Partner**

155 The Entrance Road
Erina NSW 2250

Dated: 9 October 2020



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**CENTRAL COAST ALTERNATIVE CARE GROUP LTD**
**TRADING AS COASTLINK RESPITE CARE**
**ABN 96 002 951 868**

## STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 $ | 2019 $ |
|---|---|---|---|
| **Revenue** | | | |
| Revenues | 4a | 8,698,139 | 8,999,323 |
| Other revenues | 4a | 1,089,868 | 78,388 |
| Total Revenue | | 9,788,007 | 9,077,711 |
| **Expenses** | | | |
| Service promotion and development expense | | (59,396) | (77,641) |
| Strata fees and rates expense | | (13,260) | (16,585) |
| Advertising expenses | | (52,424) | (17,415) |
| Auditor's remuneration | | (15,600) | (27,415) |
| Employee benefits expense | | (7,604,874) | (7,298,123) |
| Bad and doubtful debts expense | | (2,755) | (12,538) |
| Depreciation and amortisation expense | 4b | (292,143) | (214,283) |
| Finance costs | 4c | (28,916) | - |
| Vehicle expense | | (177,818) | (185,636) |
| Equipment expenses | | (14,850) | (10,910) |
| Client expenses | | (154,346) | (180,629) |
| Legal & consultancy expenses | | (115,849) | (47,199) |
| Insurance expense | | (17,529) | (36,890) |
| Occupancy expenses | | (50,389) | (62,945) |
| Office supplies expense | | (8,282) | (11,534) |
| Repairs and maintenance expense | | (58,615) | (62,785) |
| Other Expenses | | (35,960) | (96,848) |
| Group home expenses | | (278,513) | - |
| **Profit before income tax** | | 806,488 | 718,335 |
| Income tax expense | | - | - |
| **Profit after income tax** | | 806,488 | 718,335 |
| **Other comprehensive Income** | | | |
| Gain on the revaluation of fair value financial assets | | (6,079) | 4,816 |
| Gain on valuation of freehold land and buildings | | - | 690,000 |
| **Total comprehensive income for the year** | | 800,409 | 1,413,151 |

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2020

| | Note | 2020 $ | 2019 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | 3,517,938 | 2,390,763 |
| Trade and other receivables | 6 | 933,995 | 591,202 |
| Financial assets | 7 | 938,168 | 928,294 |
| Other current assets | 8 | 70,703 | 55,600 |
| **Total Current Assets** | | 5,460,804 | 3,965,859 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 9 | 2,439,273 | 2,371,424 |
| Intangible assets | 10 | 35,759 | 42,259 |
| Right to use assets | 11 | 148,203 | - |
| **Total Non-current Assets** | | 2,623,235 | 2,413,683 |
| **Total Assets** | | 8,084,039 | 6,379,542 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 508,157 | 424,982 |
| Borrowings | 13 | 9,639 | 16,684 |
| Employee benefits | 14 | 738,827 | 805,491 |
| Other liabilities | 15 | 723,801 | 14,761 |
| Lease liability | 11 | 45,929 | - |
| **Total Current Liabilities** | | 2,026,353 | 1,261,918 |
| **Non-Current Liabilities** | | | |
| Employee Benefits | 14 | 108,215 | 78,138 |
| Lease liability | 11 | 109,576 | - |
| **Total Non-Current Liabilities** | | 217,791 | 78,138 |
| **Total Liabilities** | | 2,244,144 | 1,340,056 |
| **Net Assets** | | 5,839,895 | 5,039,486 |
| **Equity** | | | |
| Reserves | 16 | 844,734 | 850,813 |
| Retained Surpluses | | 4,995,161 | 4,188,673 |
| **Total Equity** | | 5,839,895 | 5,039,486 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN MEMBERS FUNDS FOR THE YEAR ENDED 30 JUNE 2020

| | Financial asset reserve $ | Asset revaluation reserve $ | Retained surpluses $ | Total Equity $ |
|---|---|---|---|---|
| Balance as at 1 July 2018 | 24,175 | 131,822 | 3,470,338 | 3,626,335 |
| Surplus after income tax expense for the year | - | - | 718,335 | 718,335 |
| Gain on the revaluation of fair value financial assets | 4,816 | - | - | 4,816 |
| Gain on valuation of freehold land and buildings | - | 690,000 | - | 690,000 |
| Total comprehensive income for the year | 4,816 | 690,000 | - | 694,816 |
| **Balance as at 30 June 2019** | **28,991** | **821,822** | **4,188,673** | **5,039,486** |
| Balance as at 1 July 2019 | 28,991 | 821,822 | 4,188,673 | 5,039,486 |
| Surplus after income tax expense for the year | - | - | 806,488 | 806,488 |
| Gain on the revaluation of fair value financial assets | (6,079) | - | - | (6,079) |
| **Total comprehensive income for the year** | **22,912** | **821,822** | **4,995,161** | **5,839,895** |

The accompanying notes form part of the financial statements.

## CENTRAL COAST ALTERNATIVE CARE GROUP LTD
## TRADING AS COASTLINK RESPITE CARE
## ABN 96 002 951 868

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 $ | 2019 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers and government | | 10,974,644 | 10,061,274 |
| Payments to suppliers and employees | | (9,531,331) | (8,871,693) |
| Interest received | | 24,079 | 36,346 |
| Interest paid | | (20,489) | |
| Net cash provided by operating activities | 17 | 1,446,903 | 1,225,927 |
| **Cash flows from investing activities** | | | |
| Payments for investments | | (2,638) | (21,072) |
| Payments for property, plant and equipment | | (365,864) | (83,387) |
| Proceeds from disposal of assets | | 55,818 | 25,123 |
| Net cash used in investing activities | | (312,684) | (79,336) |
| **Cash flows from financing activities** | | | |
| Net movements from borrowings- credit cards | | (7,044) | 14,347 |
| Net cash used by financing activities | | (7,044) | 14,347 |
| Net increase/(decrease) in cash held | | 1,127,175 | 1,160,938 |
| Cash and cash equivalents at beginning of year | | 2,390,763 | 1,229,825 |
| Cash and cash equivalents at the end of the financial year | 5 | 3,517,938 | 2,390,763 |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## Note 1. General Information

The financial statements cover Central Coast Alternative Care Group Limited as an individual entity which is incorporated and domiciled in Australia. The financial statements are presented in Australian dollars, which is Central Coast Alternative Care Group's functional and presentation currency.

Central Coast Alternative Care Group Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of a responsible persons, on 17 September 2020.

## Note 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### (a) New Standards and Interpretations not year adopted

The AASB has issued new and amended standards and interpretations that have mandatory application dates from listed below. The company has not opted for early adoption of these standards.

AASB15 Revenue from Contracts with Customers – This standard is application commences on 1 January 2019 and will apply to periods beginning on or after 1 January 2019 but before 1 January 2021.

The standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of the goods and services are transferred rather than when the risk and reward as is currently the case under AASB119 Revenue. Minimal impact is expected by the company as the milestone basis of recognising revenue for its revenue already aligns with the performance obligations required by the new standard.

AASB1058 Income of Not-for-Profit Entities – This new standard deals with income recognition for Not-for-Profit Entities receiving donations and grants for annual reportion periods ending on or after 1 January 2019.

The core principle of this standard is that an entity will recognise donation or grant revenue when control of the revenue is obtained where the mile stone established by the donor and / or funder are meet, rather than when the revenue becomes non-reciprocal and is controlled as is currently the case under AASB1004 Contributions. Minimal impact is expected by the company as the milestone basis of recognising revenue for its revenue already aligns with the performance obligations required by the new standard.

**Note 2. Summary of Significant Accounting Policies**

**(a) New Standards and Interpretations not year adopted (continued)**
The Company has adopted *AASB 16* from 1 January 2019. The standard replaces *AASB 117 'Leases*' and for lessees eliminated the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the lease liabilities (included in finance costs). In the earlier period of the lease, the expenses associated with the lease under AASB16 will be higher when compared to leases expenses under *AASB 117*. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as operating expense is now replaced by interest expense and depreciation in the profit and loss. For classification within the statement of cash flow, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standards does not substantially change how a lessor accounts for leases.

At year end the Company has held lease commitments which meet the requirements to be accounted for in accordance with *AASB 16* and these have been accounted for an adopted at Note 11. Please revenue to this disclosure on the impact of the adoption o*f AASB 16 Leases* have occurred on opening retained earnings.

**(b) Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Non-for-profits Act 2012* and associated regulations and the Australian Charities and Not-for-profit Commission Act 2012, as appropriate for non-for-profit oriented entities.

The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

**(c) Revenue**
Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Grants*
Non reciprocal grants are recognised as income when the grant is received. Reciprocal grant income is recognised on a percentage completion basis. When this cannot be reliable estimated, revenue is only recognised to the extent of the recoverable costs incurred to date, with the remainder carried forward in the statement of financial position.

**Note 2. Summary of Significant Accounting Policies**

**(c) Revenue (continued)**

*Rending of services*

Rendering of services revenue from is recognised upon the delivery of the services.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial assets and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

**(d) Income Tax**

As the company is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended it is exempt from paying income tax.

The company is endorsed as a Public Benevolent Institution and has been granted FBT exemption and GST concession. These will remain in force until there is a change in the objective of the organisation or a change in relevant legislation.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Trade and other receivable**

Trade receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties or the debtor, probability that the debtor will enter bankruptcy of financial reorganisation and default of delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivables may be impaired. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2020

## Note 2. Summary of Significant Accounting Policies

### (g) Property, Plant and Equipment

*Freehold land and Buildings*

Freehold land and buildings are shown at fair vale, based on periodic, at least every 3 years valuations by external independent valuers, less subsequent depreciation and impairment of the buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

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. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit and loss.

Operation buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

*Plant and equipment*

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

*Depreciation*

The depreciable amount of all fixed assets including building, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

| *Class of Fixed Asset* | *Depreciation Rate* |
|---|---|
| Buildings | 40 years |
| Office furniture, fittings and equipment | 3-10 years |
| Plant and equipment | 5-13 years |
| Motor Vehicles | 3-8 years |
| Leasehold improvements | 4-40 years |

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

**Note 2. Summary of Significant Accounting Policies**

**(g) Property, Plant and Equipment (continued)**

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit and loss. Any revaluation surplus reserve relating to the item disposed of it transferred directly to retained profits.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

**(h) Intangible assets**

*Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

**(i) Impairment of Assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, to the assets carrying amount. Any excess of the assets carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(j) Financial Instruments**

*Recognition*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at cost which includes transaction costs when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

## Note 2. Summary of Significant Accounting Policies

### (j) Financial Instruments (continued)

*Financial assets*

Financial assets that are within the scope of the accounting standards are required to be subsequent measured at amortised or fair value on the basis of the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The company holds investment classified as financial asset at fair value through other comprehensive income. In adopting AASB9 Financial Instruments, the company has made an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. No further impairment of the financial assets at fair value through other comprehensive income will be recognised.

*Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans and borrowings are classified as non-current.

### (k) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other financial costs are expensed in the period in which they are incurred.

### (l) Trade and Other Payables

These amounts represent liabilities for goods and services provide to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised costs and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### (m) Employee Benefits

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick lease expected to be settled wholly within the 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

*Other long-term employee benefits*

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of the expected future payments to be made in respect of services provided by employee 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 government bods with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Note 2. Summary of Significant Accounting Policies**

**(m) Employee Benefits (continued)**

*Redundancy*

Liabilities for redundancies expected to be settled within 12 months of the reporting date are measured at the amount expected to be paid when the liabilities are settled.

**(n) Provisions**

Provision are recognised when the company has a present (legal or constructive) obligations as a result of a past event, it is probable the company will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligations. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**(o) 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 Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to, the ATO is included with other receivable or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the tax authority.

**(p) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management evaluate its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Economic dependence*

Central Coast Alternative Care Group Limited receives a substantial contribution of revenue from the Government departments and agencies to operate the company. As the date of this report, the directors have no reason to believe the Government will not continue to support clients of Central Coast Alternative Care Group Limited.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices in active markets for identical assets or liabilities as the entity can access at the measurement date; Level 2:Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgements is required to determine what is significant to fair value and therefore which is category the asset or liability is places in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. At year end the company only holds Level 1 hierarchy financial assets on balance sheet.

*Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other events. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment triggers exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Employee benefits provision*

As discussed in Note2, the liability for employee benefits expects to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Note 4a. Revenue and Other Income** | | |
| **Revenue:** | | |
| Government and grant revenue | 798,611 | 817,342 |
| Brokerage income | 198,901 | 142,912 |
| Contributions received | 469,438 | 471,482 |
| NDIS Income | 7,231,189 | 7,567,587 |
| | 8,698,139 | 8,999,323 |
| **Other Revenue:** | | |
| Membership fees | 2 | 35 |
| Other revenue | 31,042 | 37,225 |
| Interest received | 24,079 | 36,346 |
| Profit on sale of assets | 9,245 | 4,782 |
| Government subsidies | 1,025,500 | - |
| **Total Other Revenue** | 1,089,868 | 78,388 |
| **Total Revenue** | 9,788,007 | 9,077,711 |

### Note 4b – Depreciation and amortisation

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Depreciation | 251,442 | 207,783 |
| Amortisation – Intangible assets | 6,500 | 6,500 |
| Amortisation – Right to Use Assets | 34,201 | - |
| **Total depreciation and amortisation** | 292,143 | 214,283 |

### Note 4c – Finance costs

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| General interest charge – ATO | 20,489 | - |
| Finance costs of lease liability | 8,427 | - |
| **Total finance costs** | 20,916 | - |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2020

### Note 5. Cash and Cash Equivalents

| | 2020 $ | 2019 $ |
|---|---|---|
| Cash at bank | 3,517,602 | 2,390,238 |
| Cash on hand | 336 | 525 |
| Total receivables | 3,517,938 | 2,390,763 |

### Note 6. Trade and Other Receivables

| | 2020 $ | 2019 $ |
|---|---|---|
| Trade receivables | 564,454 | 299,979 |
| Less: provision for impairment | (4,260) | (4,260) |
| | 560,194 | 295,719 |
| Other receivables | 367,053 | 285,950 |
| BAS receivable | 6,748 | 9,533 |
| | 373,801 | 295,483 |
| Total receivables | 933,995 | 591,202 |

### Note 7. Financial Assets

| | 2020 $ | 2019 $ |
|---|---|---|
| Investments held at amortised cost | 864,902 | 848,891 |
| Investment held at fair value | 73,266 | 79,403 |
| Total financial assets | 938,168 | 928,294 |
| Unlisted securities | 2,371 | 2,371 |
| Managed funds | 73,266 | 79,403 |
| Term deposits | 862,531 | 846,520 |
| Total financial assets | 938,168 | 928,294 |

The company hold financial assets such as managed investments that can be traded on the market, The Company do this in order to manage its financial risk and produce returns that can be used to service the Company's clients.

### Note 8. Other current assets

| | 2020 $ | 2019 $ |
|---|---|---|
| Prepayments | 70,663 | 55,510 |
| Other Deposits | 40 | 90 |
| | 70,703 | 55,600 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

### Note 9. Property Plant and Equipment

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Freehold land – at independent valuation | 876,996 | 876,996 |
| Less accumulated depreciation | (14,375) | - |
| | 862,621 | 876,996 |
| Administration buildings – at independent valuation | 352,605 | 352,605 |
| Less accumulated depreciation | (44,681) | (35,866) |
| | 307,924 | 316,739 |
| Plant and equipment – at cost | 360,095 | 311,306 |
| Less accumulated depreciation | (271,973) | (222,461) |
| | 88,122 | 88,845 |
| Motor Vehicles – at cost | 1,575,598 | 1,484,928 |
| Less accumulated depreciation | (1,094,864) | (1,125,268) |
| | 480,734 | 359,660 |
| Operational Buildings – at independent valuation | 1,083,406 | 1,102,630 |
| Less accumulated depreciation | (419,210) | (410,389) |
| | 664,196 | 692,241 |
| Operational buildings leasehold improvements – at cost | 89,609 | 89,609 |
| Less accumulated depreciation | (53,933) | (52,666) |
| | 35,676 | 36,943 |
| **Total Property Plant & Equipment** | 2,439,273 | 2,371,424 |

## Note 9. Property Plant and Equipment (continued)

**(a) Movements in Carry Amounts**

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

| | Freehold Land at Independent Valuation | Admin. Buildings at Independent Valuation | Plant & Equipment | Motor Vehicles | Operational Buildings | Operational Buildings leasehold | Total |
|---|---|---|---|---|---|---|---|
| Balance at beginning of year | 876,996 | 316,739 | 88,845 | 359,660 | 692,241 | 36,943 | 2,371,424 |
| Additions at cost | - | - | 48,789 | 317,075 | - | - | 365,864 |
| Valuation | - | | - | - | | - | - |
| Disposals | - | - | 72 | (46,645) | - | - | (46,573) |
| Depreciation expense | (14,375) | (8,815) | (49,584) | (149,356) | (28,045) | (1,267) | (251,442) |
| Carrying amount at end of year | 862,621 | 307,924 | 88,122 | 480,734 | 664,196 | 35,676 | 2,439,273 |

## Note 10. Intangible Assets

| | 2020 $ | 2019 $ |
|---|---|---|
| Software - at cost | 65,000 | 65,000 |
| Less: accumulated depreciation | (29,241) | (22,741) |
| **Total Intangible Assets** | 35,759 | 42,259 |

**(a) Movements in Carry Amounts**

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

| | Operational Buildings leasehold | Total |
|---|---|---|
| Balance at beginning of year | 42,259 | 42,259 |
| Additions at cost | - | - |
| Disposals | - | - |
| Depreciation expense | 6,500 | 6,500 |
| Carrying amount at end of year | 35,759 | 35,759 |

## Note 11. Right to Use Assets - Adoption of AASB16

### Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. During the year *AASB16 Leases* was adopted by Central Coast Alternative Care Group Ltd as follows.

### Adoption of AASB16 Leases

On the adoption of AASB16, Company recognised lease liabilities and right to use assets in relation to leases which had previously been classified as operating leases under the principles of *AASB117 Leases*. In accordance with the significant accounting policies set out in Note 1, the Company has adopted *AASB16 Leases* from the 1 January 2019. In accordance with AASB16 Leases, Company has adopted the practical expedient available under the standard to record the lease liability and right to use assets with a modified retrospective re-statement of the opening retained earnings for 30 June 2020 upon initial application.

Importantly, the Company as at 1 July 2019 have been assessed as not holding any material operating lease commitments until the 25 October 2019 when the Company signed a new lease for the property at Clare Crescent, Berkley Vale. Therefore we note that there has been no impact on opening retained earnings of the Company for the adoption of AASB16 Leases.

At the reporting date Company had one non-cancellable operating lease commitment for its site at 56 Clare Crescent, Berkley Vale. The decision to lease or purchase an asset is dependent on a broad range of consideration at the timing including financing, risk management and operational strategies of the Company. The impact of the adoption of this standard on the financial report can be summaries as follows;

- The total assets and liabilities on the balance sheet of Company will increase with a decrease in total net assets, due to the reduction of the capitalisation assets being on a straight line basis whilst the liability reduces by the principal amount of repayments on operating leases (rent payments).
- The lease liabilities are measured at the present value of the lease payments over the entire expected term of the lease including options exercised, using a discount rate equal to the Company's incremental borrowing rate for similar assets.
- The weighted average lessee's incremental borrowing rate applied to the lease liabilities on the 30 June 2020 or 4.50%.
- The straight-line operating lease expense will be replaced with an amortisation charge for the right-of-use assets and interest expenses on lease liabilities.
- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater in the earlier years of the leases life due to the higher principal value causing profit variability over the course of a leases life.
- Repayment of the principal and interest expenses of leases will be classified as a financing activity of Company.

## Note 11. Right to Use Assets - Adoption of AASB16

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Right to Use Asset** | | |
| Right to use assets | 182,404 | - |
| Accumulated amortisation | (34,201) | - |
| Total right to use assets | 148,203 | - |
| *Movement in amortisation* | | |
| Opening accumulated amortisation | - | - |
| Accumulated amortisation | (34,201) | - |
| Total accumulated amortisation | (34,201 | - |

The right-of-use asset is amortised on a straight-line basis of the term of the leased asset based of the measured lease liabilities.

The right-of-use assets are recognised based on the lease liabilities, which are measured at the present value of the lease payments over the entire expected term of the lease including options exercised, using a discount rate equal to the Company’s incremental borrowing rate as at the 1 July 2019.

**Movement in lease liability**

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Opening lease liability | - | - |
| Adoption of lease liability | 182,403 | - |
| Payment of principal (rent payments) | (35,325) | |
| Expensing of interest in lease liability | 8,427 | - |
| Closing lease liability | 155,505 | - |

**Lease liability**

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Current lease liability | 45,929 | - |
| Non-current lease liability | 109,576 | |
| Total accumulated amortisation | 155,505 | - |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2020

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Note 12. Trade and Other Payables** | | |
| Trade payables | 29,868 | 18,649 |
| PAYG withholding payable | 133,027 | 84,454 |
| Superannuation payable | 56,750 | 46,883 |
| Accrued expenses | 280,952 | 265,689 |
| Other payables | 7,560 | 9,307 |
| | 508,157 | 424,982 |
| **Note 13. Borrowings** | | |
| Credit cards | 9,639 | 16,684 |
| **Total current borrowings** | 9,639 | 16,684 |
| **Note 14. Employee Benefits** | | |
| Current Employee Benefits | | |
| Annual leave | 295,356 | 270,613 |
| Long service leave | 181,018 | 144,295 |
| Sick leave | 262,453 | 268,933 |
| Redundancy | - | 121,650 |
| **Total current employee benefits** | 738,827 | 805,491 |
| Non-current employee benefits | | |
| Long Service Leave | 108,215 | 78,138 |
| **Total non-current employee benefits** | 108,215 | 78,138 |
| **Total employee benefits** | 847,042 | 883,629 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2020

### Note 15. Other Liabilities

| | 2020 $ | 2019 $ |
|---|---|---|
| Revenue received in advance | 2,058 | 5,718 |
| Grants received in advance | 721,743 | 9,043 |
| **Total Other Liabilities** | 723,801 | 14,761 |

### Note 16. Equity – reserves

| | 2020 $ | 2019 $ |
|---|---|---|
| Revaluation surplus reserve | 821,822 | 821,822 |
| Financial assets reserve | 22,912 | 28,991 |
| | 844,734 | 850,813 |

The revaluation surplus reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

The financial assets reserve is used to recognise increments and decrements in the fair value of financial assets.

Movements in reserves in each class during the current and previous financial year are set out below.

| | Revaluation surplus reserve $ | Financial assets reserve $ | Total Reserves |
|---|---|---|---|
| Balance at 1 July 2019 | 821,822 | 28,991 | 850,813 |
| Valuation of fair value financial assets | - | (6,079) | (6,079) |
| Balance at 30 June 2019 | 821,822 | 22,912 | 844,734 |

## Note 17. Cash Flow Information

| | 2020 $ | 2019 $ |
|---|---|---|
| (a) Reconciliation of Cash Flow from Operations With Surplus from Ordinary Activities | | |
| Surplus from ordinary activities | 806,488 | 718,335 |
| Non-cash flows in profit from ordinary activities | | |
| Depreciation and amortisation | 257,942 | 214,283 |
| Net movement in provision for bad debts | - | 5,539 |
| Net (gain) / loss on disposal of plant & equipment | (9,245) | (4,782) |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade & other receivables | (264,475) | 124,759 |
| (Increase)/decrease in other assets | (92,956) | 116,009 |
| (Increase)/decrease in financial assets | (6,079) | (25,888) |
| Increase/(decrease) in trade & other payables | 82,774 | (4,666) |
| Increase/(decrease) in provisions | (36,587) | 69,023 |
| Increase/(decrease) in other liabilities | 709,040 | 14,347 |
| Cash flow from operations | 1,446,903 | 1,226,957 |

## Note 18. Key Management Personnel Disclosures

Compensation

The aggregate compensation made to responsible persons and other members of key management personnel is set out below;

| | 2020 | 2019 |
|---|---|---|
| | 359,554 | 515,817 |

John Davis, CEO of Central Coast Alternative Care Group Limited, Ann Walters, CFO of Central Coast Alternative Care Group Limited and Sharon Mansfield, Operations Manager of Central Coast Alternative Care Group Limited.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 $ | 2019 $ |
|---|---|---|
| **Note 19. Related Party Transactions** | | |
| Compensation | | |
| The aggregate compensation made to the Directors of the Company are set out below; | 70,558 | 46,450 |

Mr John Mouland, Mr Stephen Glen, Associate Professor Lisa Barnes, Mr Steven Paul, Mr Anthony Tuxworth, Ms Helen Roberts and Ms Ainslie Whitburn.

*The following transactions occurred with related parties:*

*Payment for goods and services:*

| | 2020 $ | 2019 $ |
|---|---|---|
| Funds paid to Regional Development in relation to the; | | |
| -Holding minutes and preparation of grant applications | 3,880 | - |
| -Review of property at 170 Yarramalong Road, Wyong | 3,850 | - |
| - Functions and catering Think Tank held 6 Dec 2019 | 366 | - |

John Mouland, a director of Central Coast Alternative Care Group Limited, is CEO of Regional Development Australia.

| | 2020 $ | 2019 $ |
|---|---|---|
| Funds paid to Woy Woy South Progress Association for; | | |
| -Woy Woy Community Hall hire - | 2,174 | |

Sharon Mansfield, was a Committee member of the Woy Woy South Progress Association.

| | 2020 $ | 2019 $ |
|---|---|---|
| Other Transactions: | | |
| -Ipads were purchased for all directors of the | | |
| -Organisation | - | 7,705 |
| -Expenses for conferences attended by the board | 12,232 | 12,036 |
| -Subscription and training events of AICD | 23,697 | - |

*Receivables from and payables to related parties*

There were no trade receivable from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 20. Events after the reporting period**

The emergence of Coronavirus disease (COVID-19) during the first months of 2020 has had a significant impact on financial markets and assets globally, the broader economic and social disruption now evident and is anticipated to continue in the near-term.

Prior to the government announcement, the Company implemented additional practices and safeguards for the clients and staff members and further reduced and suspended major activities and events during March 2020.

While the impact of COVID-19 is yet to be fully determined, we have assessed the impact of the financial position and considered potential impacts to be as follows;

- Restricted trading activity until June 2020 and revised operating expectations for the following 6 months;
- Eligible financial assistance benefits to be received by the federal government to facilitate the Public Safety forced closure period; and
- The business continues to pay its debts as and when they fall due and payable.

Given the nature of the services provided, management will continue to monitor the economic impact of this situation on the assets held and business as a whole.

Other than the items noted above, in the interval between the end of the financial year and the date of this report, no transactions or event of material and unusual nature has arisen to significantly affect the operation of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

**Note 21. Company Details**

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

7/10 William Street
Gosford NSW 2250

**CENTRAL COAST ALTERNATIVE CARE GROUP LTD**
**TRADING AS COASTLINK RESPITE CARE**
**ABN 96 002 951 868**

## DIRECTORS' DECLARATION
## FOR THE YEAR ENDED 30 JUNE 2020

In accordance with a resolution of the directors of Central Coast Alternative Care Group Limited, made pursuant to Section 60.15 of the *Australian Charities and Non-for-profits Regulations 2013*, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 28 are in accordance with the *Australian Charities and Non-for-profits Commission Act 2012* and:

   (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

   (b) give a true and fair view of the financial position of the company as at 30 June 2020 and of the performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

**Director**

**Dated:** 9/10/20

JOHN MOLLAND (CHAIR)

**Director**

**Dated:** 9/10/20

Lisa Barnes (Treasurer)

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## Independent Auditor's Report to the Members of Central Coast Alternative Care Group Limited

### Report on the Financial Report

### Opinion

We have audited the accompanying financial report of Central Coast Alternative Care Group Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of Central Coast Alternative Care Group Limited has been prepared in accordance with Division 60 of the *Australian Charities and Non-for-profits Commission Act 2012,* including:

(i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charity and Non-for-profits Commission Regulations 2013.*

### Basis for opinion

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

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

### Other Information

Those directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. 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.



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## Independent Auditor's Report to the Members of Central Coast Alternative Care Group Limited

**Other Information (continued) …**

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.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Non-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

**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 it is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal controls relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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## Independent Auditor's Report to the Members of Central Coast Alternative Care Group Limited

**Auditor's Responsibilities for the Audit of the Financial Report (continued) …**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

**Fortunity Assurance**

Adrian Thompson
**Partner**

155 The Entrance Road
Erina NSW 2250

Date: 9 October 2020