

Bundaleer

2019/2020 ANNUAL REPORT

ABN 48 0031 55708

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We acknowledge that at Bundaleer we gather on Birpai Land.

We pay our respects to Elders past present and future for they hold the memories, the hopes and the traditions of Aboriginal Australia. We must always remember that under the concrete and the asphalt this land is and always will be, Aboriginal Land.

Board Members

Bundaleer Care Services

As Directors of Bundaleer Care Services Ltd, we acknowledge those who continue to have faith and support in the organisation during what are very difficult times and an unusual environment.

The safe care of those who need assistance to enable them to achieve and live their desired life style is expressed by 'The Bundaleer Way,' 'Everyday, we aim demonstrate our values in our actions and decisions.'

- Accountability
- Collaboration
- Integrity
- Inclusiveness

These values are the underlying principles that keep us focused on delivering the very best services to our residents, clients, community and staff. They form the basis of how we behave with one another and other individuals we may come in contact with

along the way. They are the driving force behind every business decision we make and what we aim for everyone to experience within the organisation.

This is a time of change in many aspects of the Aged Care Industry and Bundaleer Care Services Ltd strives to keep abreast with these changes as they arrive.

Thank you to all who are associated with Bundaleer Care Services for your support and loyalty which is recognised and appreciated.

Directors

Bundaleer Care Services Ltd

Julie Muller

Rod Barnaby

Gai McPherson

Kim Dahler

Graham Carey

Kath Bowler

Raymond Gouck

Interim Chief Executive Officer



To merely acknowledge that Bundaleer Care Services has been under financial pressure for a number of years is clearly an understatement. The 2019/20 financial year saw the development of the perfect storm in both Bundaleer and the Aged Care Sector. Staff turnover, Bushfires, Covid and increased compliance scrutiny coupled with low levels of funding is clearly evidenced in our results.

It's been a time of change and the team have rolled with the challenges, because that's all you can do, "roll with the storm".

While the coronavirus pandemic is at the front of all our minds, not surprisingly, so is the ongoing struggle of making ends meet. There is a "wee" glimmer of hope in the middle of the storm maybe the Aged Care Royal Commission will follow through on hints that the Australian aged care sector needs 50-100 per cent more funding than it currently has.

Though I worry about how our staff's lives have been upended by the storm, they continue coming to work. In the Health and Aged Care Sector the pressure has been intense. I am really worried about everyone's general mental health and wellness with the constant pressure, grief, uncertainty and ambiguity we have but; Bundaleer is continually buoyed by the resilience of the people who work here. We are proud of their passion and dedication despite negative portrayals of the organisation and the Aged Care sector.

Our Staff continue to hold their heads high and they work tirelessly to provide the best care and support they can under very difficult circumstances.

They are trying to meet the challenge of additional compliance and regulation, additional workload pressures, funding pressures and still find room for innovation, ideation and creativity.

In difficult times like these I think most of us will reflect on what matters most, that is "people matter". So caring for people and working to ensure that we are building thriving communities, purpose and a sense of belonging, keeps us grounded and upright in the storm.

Opportunities and Challenges

As we move into the next phase of our history we do so with a renewed vision for the future, recognising the hope of increased funding and also the challenges of keeping engaged the aspects that makes our service so special.... Our deep rooted connection to our community.

Directors Report

Your Directors present their report on Bundaleer Care Services Limited for the financial year ended 30 June 2020.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

J. Muller	
R. Barnaby	
G. Carey	
G. McPherson	(Appointed 23 October 2019)
K. Dahler	(Appointed 25 November 2019)
J. Carroll	(Appointed 7 August 2020, Resigned 15 September 2020)
I. Chegwidan	(Resigned 23 June 2020)
K. Bowler	(Appointed 25 August 2020)
D. Johnson	(Resigned 25 November 2019)

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

Principal Activities

The principal activities of Bundaleer Care Services Limited during the financial year were to provide a continuation of appropriate accommodation and care services for the elderly in our community.

Objectives

The objectives of Bundaleer Care Services Limited are to carry on a public benevolent charitable organisation for the care, comfort and maintenance of the aged and disabled. The Company will use the power to acquire, receive, purchase, sell, lease, repair, maintain or otherwise deal with by such methods as necessary to provide full nursing facilities and other services, giving preference to the aged in necessitous circumstances.

Means by which Principal Activities Assisted in Achieving the Company's Objectives

The profit and cash flows generated from the Company's principal activities are utilised in achieving its objectives.

Measurement of Performance

To monitor the performance of the Company, the Board of Directors receive relevant information on a regular basis. This information includes Key Performance Indicators (KPIs) such as occupancy rates, staff and resident satisfaction levels and full management accounting reports. The Board of Directors also meet on a monthly basis and meet with senior staff on a regular basis.

Members' Guarantee

Bundaleer Care Services Limited is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$ 10 towards meeting any outstanding obligations of the Company. At 30 June 2020 the collective liability of members was \$ 600 (2019: \$ 570).

Directors' Report

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

On 11th March, 2020, the World Health Organisation declared a global pandemic in relation to the COVID-19 virus.

The additional costs associated with the implementation of government measures to reduce the spread of COVID-19 in the community, has had an adverse impact on the operating results of the Company for the year ended 2020. However, it is not practicable to provide a reliable estimate of the financial effect of this event on the operations of the Company as at the date of this report.

Likely Developments and expected results

Compliance with Government Regulations designed to reduce the spread of COVID-19 are expected to have a continuing detrimental impact on the operating results of the Company during the 2021 financial year. However, due to the uncertainty in relation to the extent of containment of the virus, it is not possible to reliably estimate the effect of this matter on the results of the operations of the Company in future financial years.

Directors' Report

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
J. Muller	12	12
R. Barnaby	12	11
G. Carey	12	9
G. McPherson (Appointed 23 October 2019)	8	8
K. Dahler (Appointed 23 November 2019)	7	7
J. Carroll (Appointed 7 August 2020, resigned 15 September 2020)	-	-
I. Chegwidden (Resigned 23 June 2020)	12	12
K. Bowler (Appointed 25 August 2020)	-	-
D. Johnson (Resigned 25 November 2019)	5	5

Information on Current Directors

J. Muller	Retired business owner Special Responsibilities - Chairperson	Board Member since 31 August 2016
R. Barnaby	Business Owner/Director	Board member since 20 February 2018
G. Carey	Medical Practitioner	Board member since 27 June 2019
G. McPherson	Registered Nurse	Board member since 23 October 2019, previously a Director for 3 years
K. Dahler	Retail Customer Executive	Board member since 25 November 2019
K. Bowler	General Manager, Financial Services	Board member since 25 August, 2020

Bundaleer Care Services Limited

Directors' Declaration

The Directors of the Company declare that:

1. The summary financial statements comprising the Summary Statement of Profit or Loss and Other Comprehensive Income, Summary Statement of Financial Position, Summary Statement of Changes in Equity, Summary Statement of Cash Flows and notes to and forming part of the summary financial statements:

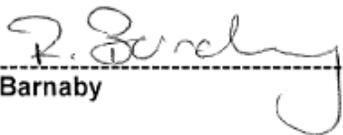
- (a) Comply with the Accounting Policies as described in Note 1; and
- (b) have been derived from, and are consistent with, the full financial statements of Bundaleer Care Services Limited for the year ended 30 June 2020.

2. In the opinion of the Directors, there are reasonable grounds to believe that the Company 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 Board of Directors and is signed for and on behalf of the Board of Directors by:



J Muller



R Barnaby

Dated: 22 September 2020

Summary Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
Revenue	17,661,684	16,906,288
Other income	144,000	100,000
	<u>17,805,684</u>	<u>17,006,288</u>
Employee benefits expense	(14,387,659)	(13,486,925)
Depreciation and amortisation expense	(566,054)	(437,625)
Administration expenses	(875,743)	(1,278,005)
Cleaning and laundry expenses	(306,425)	(317,773)
Food supplies	(545,413)	(458,421)
Maintenance costs	(297,979)	(410,229)
Resident and client expenses	(1,533,516)	(906,996)
Utilities and rates	(265,725)	(367,808)
Insurances	(1,482,171)	(903,238)
Share of gains paid to residents	(72,236)	(25,992)
Bad and doubtful debts expense	12,204	(59,722)
Finance costs	(24,865)	(20,905)
Write-off of development expenses	-	(549,366)
	<u>(20,345,582)</u>	<u>(19,223,005)</u>
Profit / (loss) before income tax	(2,539,898)	(2,216,717)
Income tax expense	-	-
Profit / (loss) for the year	(2,539,898)	(2,216,717)
Other comprehensive income	-	-
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,539,898)	(2,216,717)

Summary Statement of Financial Position

As at 30 June 2020

	2020	2019
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	5,288,623	755,286
Trade and other receivables	500,550	1,059,430
Other financial assets	5,891,294	13,854,882
Other assets	527,458	575,550
Total Current Assets	<u>12,207,925</u>	<u>16,245,148</u>
Non-Current Assets		
Right-of-use assets	149,346	-
Property, plant and equipment	13,877,519	13,890,328
Investment property	24,832,268	22,427,253
Intangible assets	673,672	673,672
Total Non-Current Assets	<u>39,532,805</u>	<u>36,991,253</u>
TOTAL ASSETS	<u>51,740,730</u>	<u>53,236,401</u>
LIABILITIES		
Current Liabilities		
Lease liabilities	13,497	-
Trade and other payables	1,907,464	1,548,166
Borrowings and loans	25,606,494	25,536,114
Short-term provisions	1,490,296	1,318,517
Other liabilities	949,951	740,642
Total Current Liabilities	<u>29,967,702</u>	<u>29,143,439</u>
Non-Current Liabilities		
Lease liabilities	140,765	-
Long-term provisions	121,613	95,810
Total Non-Current Liabilities	<u>262,378</u>	<u>95,810</u>
TOTAL LIABILITIES	<u>30,230,080</u>	<u>29,239,249</u>
NET ASSETS	<u>21,510,650</u>	<u>23,997,152</u>
EQUITY		
Retained earnings	<u>21,510,650</u>	<u>23,997,152</u>
TOTAL EQUITY	<u>21,510,650</u>	<u>23,997,152</u>

Summary Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	23,997,152	-	23,997,152
Cumulative adjustment upon adoption of new accounting standard - AASB 15	53,396	-	53,396
Balance at 1 July 2019 restated	24,050,548	-	24,050,548
Comprehensive income			
Profit / (loss) attributable to members of the Company	(2,539,898)	-	(2,539,898)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(2,539,898)	-	(2,539,898)
Balance at 30 June 2020	21,510,650	-	21,510,650

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2018	26,213,869	-	26,213,869
Profit / (loss) attributable to members of the Company	(2,216,717)	-	(2,216,717)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(2,216,717)	-	(2,216,717)
Balance at 30 June 2019	23,997,152	-	23,997,152

Summary Statement of Cash Flows

for the Year Ended 30 June 2020

	2020	2019
	\$	\$
Cash flows from operating activities:		
Receipts from residents and government subsidies	19,069,920	17,731,146
Payments to suppliers, employees and other expenses	(19,727,934)	(18,876,491)
Interest received	207,269	425,203
Interest paid	(13,559)	(20,905)
Net cash provided by/(used in) operating activities	(464,304)	(741,047)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(760,460)	(2,984,128)
Purchase of investment property	(2,275,867)	-
Net (increase) / decrease in other financial assets	7,963,588	1,932,821
Net cash provided by/(used in) investing activities	4,927,261	(1,051,307)
Cash flows from financing activities:		
Net movement in resident loans, accommodation bonds, RADs and RACs	70,380	1,488,579
Net cash provided by/(used in) financing activities	70,380	1,488,579
Net increase/(decrease) in cash and cash equivalents	4,533,337	(303,775)
Cash and cash equivalents at beginning of financial year	755,286	1,059,061
Cash and cash equivalents at end of financial year	5,288,623	755,286

Notes to the Summary Financial Statements

for the Year Ended 30 June 2020

Note 1 – Accounting Policies

The summary financial statements have been prepared from the audited financial statements of Bundaleer Care Services Limited for the year ended 30 June 2020. A copy of the full financial statements and auditor's report will be sent to any member, free of charge, upon request.

The financial statements, specific disclosures and the other information included in the summary financial statements are derived from, and are consistent with, the full financial statements of Bundaleer Care Services Limited. The summary financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and cash flows of Bundaleer Care Services Limited as the full financial statements.

A full description of the accounting policies adopted by the Company may be found in the full financial statements, which were approved by the Directors on 22 September, 2020.

The accounting policies have been consistently applied to Bundaleer Care Services Limited and are consistent with those of the previous financial year.

The presentation currency used in the financial statements is Australian dollars.

Note 2 – Going Concern

The Statement of Financial Position of the Company shows current liabilities exceeding current assets by \$17,759,777 (2019: \$12,898,291). Operating losses of \$2,539,898 for the year ended 30 June 2020 and \$2,216,717 for the year ended 30 June 2019, have had a significant impact on the financial position on the Company.

In addition, the operations of the Company have been impacted by the onset of COVID-19 which was declared a global pandemic by the World Health Organisation on 11th March, 2020.

The costs associated with the implementation of government measures to reduce the spread of COVID-19 in the community have had an adverse impact on the operating results of the Company for the year ended 30th June 2020. However, it is not practicable to provide a reliable estimate of the financial effect of this event on the operations of the Company as at the date of this report.

Notwithstanding, the deficiency in current assets to current liabilities, the operating losses in recent years, and the uncertainty of the impact of the COVID-19 Pandemic on future financial performance of the Company, the financial statements have been prepared on a going concern basis.

Note 2 – Going Concern (continued)

In assessing the appropriateness of the use of the going concern assumption in the preparation of the financial report, the Directors and management have taken into account the following matters:

- The excess of current liabilities over current assets has been impacted by the classification of resident liabilities as current liabilities. Australian Account Standards require liabilities to be classified as current liabilities in instances where the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. However these current liabilities are not expected to be fully paid out in the next 12 months.
- In the past six months, the Board has commissioned two separate independent specialist consultants to review the financial position of the Company, including the provision of recommendations for improving its performance in the future. The Company has received a comprehensive report from a third specialist consultancy organisation under a government-funded initiative to provide accounting and business advisory services to approved providers of residential and home care services in light of the fact that many aged care providers are suffering financial stress due to changes in the industry environment.
- The three reports received all indicate that the Company can improve the efficiency and effectiveness of its operations and avoid further decline in its financial position by implementing a number of strategic and operational measures. The Board and Management are in the process of implementing several recommendations arising out of these reports, including giving consideration to specific options available for rectifying the significant losses incurred in recent years, such as cost reduction measures, business restructuring and the potential sale of non-core assets, where considered appropriate. The Board has a reasonable expectation of improvement, both financially and operationally, in the near future.

The Directors and management consider that it is appropriate to use the going concern assumption in the preparation of the financial statements. However, should the plans to improve operating performance be unsuccessful there is a material uncertainty as to whether the Company will continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 3 – Significant Items of Revenue and Expense

The following significant revenue and (expense) items are relevant in explaining the financial performance for the year:

		2020	2019
	Note	\$	\$
Gain on revaluation of investment property	3(a)	144,000	100,000
Write-off of development expenses	3(b)	-	(549,366)

(a) Gain on revaluation of investment property

During the financial year ended 30 June 2018 Independent Living Units (ILUs), previously classified as property, plant and equipment, were reclassified as investment property. In accordance with Australian Accounting Standard AASB 140: Investment Property, the change in fair value of the Company's investment property has been taken up as an item of income or expense in the statement of profit or loss and other comprehensive income during the year in which the revaluation occurred.

(b) Write-off of development expenses

During the year ended 30 June 2019 the Board of Directors resolved to make certain strategic amendments to their plans in relation to the Johnstone Street, High Street and the Old Mill Site developments in Wauchope. Due to the change in Board strategy relating to these developments, the original development plans became obsolete and resulted in development costs of \$549,366 being expensed in profit or loss in accordance with Australian Accounting Standard AASB 116: Property, Plant and Equipment. These development costs were previously capitalised and were recognised in the balance of property, plant and equipment in the statement of financial position.



PARTNERS
 Robert Magnussen B Bus FCA
 Paul Fahey B Bus CA
 Rodney Smith B Fin Admin FCA
 Bart Lawler B Com CA
 Patrick Brennan B Com CA
 Alison McKinnon B Bus CA

Independent Auditor's Report

To the Members of Bundaleer Care Services Limited

Opinion

The summary financial statements which comprise the Summary Statement of Financial Position as at 30 June 2020, Summary Statement of Profit or Loss and Other Comprehensive Income, Summary Statement of Changes in Equity and Summary Statement of Cash Flows for the year then ended, related notes and the Directors' Declaration, are derived from the audited financial report of Bundaleer Care Services Limited for the year ended 30 June 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial report, on the basis described in Note 1.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the summary financial statements, which indicates that the Company incurred a loss of \$2,539,898 for the year ended 30 June 2020 (2019: loss of \$2,216,717) and, as of that date, the Company's current liabilities exceeded its current assets by \$17,759,777 (2019: \$12,898,291). As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion was not modified in respect of this matter.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 applied in the preparation of the audited financial report of Bundaleer Care Services Limited. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon of Bundaleer Care Services Limited.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 22 September 2020.

Director's Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements on the basis described in Note 1.

**PARTNERS**

Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Alison McKinnon B Bus CA

Independent Auditor's Report**To the Members of
Bundaleer Care Services Limited*****Auditor's Responsibility***

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Australian Auditing Standard ASA 810: *Engagements to Report on Summary Financial Statements*.

NorthCorp Accountants

A handwritten signature in black ink, appearing to read "R Magnussen".

Robert Magnussen
Partner

10 - 12 Short Street
Port Macquarie NSW 2444

Dated: 22 September 2020



PARTNERS

Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Bart Lawler B Com CA
Patrick Brennan B Com CA
Allison McKinnon B Bus CA

Auditor's Independence Declaration Under Subdivision 60-40(1) of the Australian Charities and Not-for-profits Commission Act 2012

To the Directors of
Bundaleer Care Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

- (i) the auditor independence requirements of Australian professional ethical pronouncements; and
- (ii) any applicable code of professional conduct in relation to the audit.

Northcorp Accountants

A handwritten signature in black ink, appearing to read "R Magnussen".

Robert Magnussen
Partner

10- 12 Short Street
Port Macquarie NSW 2444

Dated: 22 September 2020







Bundaleer

...enriching lives

ANNUAL REPORT

2019/2020