

May Shaw

Health and Aged Care for Living

ANNUAL REPORT 19/20



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Do you wish to help?

Health and
Aged Care for Living

MayShaw

Our Purpose

We believe people should have access to high quality, supportive health and aged care in their local community.

Our Vision

To support our communities to celebrate life in every stage.

Our Mission

Working with our communities to provide responsive and innovative health and aged care by creating an environment which supports people to be where they belong.

Our Values

Our values guide future choices and our behaviours; we value:

Collaboration—Communicating with honesty and integrity and partnering with each other and our communities.

Equity—Celebrating inclusivity and diversity within our communities.

Respect - Earning respect and trust by valuing individuals, families and communities with honesty and dignity.

Leadership—To have the courage to provide leadership, governance and management at all levels of our organisation and communities.



Board Members & Committees

Board

Chairperson

Di Aldous

Members

Simon Clark

Tim Flanagan

Craig Johnston

John Kennedy

Audit, Risk & Compliance

Committee

Chairperson

Simon Clark

Members

Di Aldous

John Kennedy

Governance Committee

Chairperson

John Kennedy

Members

Di Aldous

Craig Johnston

Clinical Governance

Committee

Chairperson

Di Aldous

Members

Tim Flanagan

vacant

Auditors

Synectic Group

Ben Coull



Chairperson's Report

2019-2020



It has been a great pleasure for me to assume the position of Chairperson, May Shaw Health Centre Inc, and to work with fellow Board members, Executive staff, and the Acting CEO. I have also much enjoyed meeting as many of the wonderful people who work in a wide variety of positions in our organisation. Unfortunately Covid has reduced my ability to meet residents as much as I would have hoped.

I first became acquainted with May Shaw when my parents came to live at the Swansea home (residential facility), and I still remain most thankful for the wonderful care they were accorded by all the employees in the organisation.

As a result of this I was very pleased to be invited to join the May Shaw Health Centre Inc board, of which I have now been a member for over 4 years, which brings the benefits of continuity to the organisation and gives us a solid foundation on which to prepare for the future. I chose to take on the role of Chair earlier this year to continue the important work done by the Board, our past CEO, and my commitment to our Vision and Values.

This year continued to present headwinds for the aged care sector and May Shaw's continuing response is to focus on delivering high quality services to those seeking care and support, while containing costs at a time of slower aged care revenue growth. We are very proudly a not for profit organisation, but three factors have though impacted incredibly on us over the past year:

(1) The Royal Commission into Aged Care Quality and Safety was established in October

2018, and its hearings have often been headline news. Its interim findings have been significant, and its final report and more importantly the Federal Government's response due out in 2021 will have further significant impact on all aged care providers in Australia.

(2) The new Australian Aged Care Quality Standards released in 2019 provide a framework for our service provision and simultaneously stretch resources, particularly our workforce in achieving them. I thank all staff at Swansea and Scottsdale. We have been fortunate to receive close to \$700,000 additional funding through the Commonwealth Business Improvement Fund to assist with the future strategic challenges. This funding has assisted us to secure strategic advice especially directed towards workforce and structural challenges for our rural organisation. We are committed to supporting diversity, consumer choice and independence.

(3) The Covid 19 pandemic has, particularly since March of this year, had a horrific impact on residents and their families and staff in NSW, and then Victoria and from this already has had a significant impact on our residential facilities, in both Swansea and Scottsdale.

Ms Rene Wise has returned as the Director of Care across Swansea and Scottsdale. Rene's skills and experience have been immediately tasked to prepare us, as best possible, for the Covid-19 environment. With the opening of the Tasmanian border earlier this week, we will be working hard to protect all in our care and not to let you down. This includes residents of May Shaw residential facilities, community, home care recipients and staff. Although we have learnt from recent audits of Covid-19 preparedness I cannot emphasise enough the hardships of family separation

and staff shortages that may ensure if we encounter Covid-19 in our communities and we work hard, under the guidance of the Acting CEO to prevent transmission.

Financially, the relatively flat net result for the year is a creditable result given the external environment and it reflects a prudent approach to stewardship. This will remain critical for the foreseeable future as we seek to ensure that our funds are directed first and foremost toward providing necessary care to our residents and community home care recipients and that we have a sound moat to insulate us in the face of continued pressures from both government and organisational needs. Much of this detail has been exposed by the recent findings of the Royal Commission into the Australian Aged Care Sector.

The financial result for May Shaw Health Centre was an operating deficit of \$374,285, well down on the 2019 result of \$638,501. Considering the depreciation charge to the accounts, the organisation has remained cash flow positive. In what has been a difficult year for Australia, and the health care industry in general this is very good result.

During the year, a review of our income and expenditure has been undertaken by Logic Advisory Services to see how we benchmark against other similar sized operations. This has been very useful to the Board in its financial decision making and this work is set to continue in 2020/21.

The facilities we operate continue to grow and provide outstanding services to their respective communities. Again, I thank the staff at both Swansea and Scottsdale for their tireless efforts to ensure this growth. May Shaw Health Centre Inc has a long history of partnering with Local, State and Federal



*Above and below:
Glimpses of the new facility at Scottsdale
and the view from the 'Valley Rooms'*



governments to provide aged care and sub-acute services.

May Shaw Swansea is working hard to prepare the sub-acute service we provide, together with the local GPs, for Accreditation in January 2021. We realise the value of this service to the Swansea community. We see provision of public health as an important part of our Mission to meet community need and our goal is to seek more opportunities to partner with governments and other like organisations to support services such as telehealth, dental and physiotherapy services.

Technology remains a key focus for the Board and technology has a growing role in health-care as an enabler to help us focus on the highest standards of clinical excellence. During the recent Covid-19 restrictions we have utilised telecommunication for residents, staff, and Board on many occasions. We are in the process of working with the State Government to establish a telehealth centre at May Shaw Swansea. Cyber security and patient privacy are clearly areas of importance for us both now, and in the future.

The Board is pleased with the near successful completion of the new Aminya Aged Care wing at Scottsdale. May Shaw Scottsdale residents should be in our new, completed and commissioned building by the end of this year. This \$6 million joint venture with the Dorset Council and Commonwealth Government, will provide enhanced and expanded services to the North - east community. Our gratitude is extended to the hard-working project team, and the patience of the residents and their families.

Although we will continue to redevelop our facilities in response to our needs, and have several upgrades in the pipeline, the opening of Aminya will mark the end of a significant

phase of capital projects. Our next challenge is upgrading the IT systems including the server, hardware, and some software. As we continue to operate in a more challenging environment marked by slower growth, more commercially focused funders and greater competition, prudent financial stewardship is a clear priority; not to mention what Covid may do to public finances and public policy.

We are in the process of recruiting three new Board members whose names will be released at the next Board meeting to replace retiring members John Fletcher, Nick Green and Jeremy Jameson whose dedication and valuable contribution to May Shaw Health Centre Inc is noted with thanks. The Board seeks balanced member skills across healthcare, not for profit and other industries, which augurs well for its ability to continue to provide sound leadership in a very challenging environment. Please take time tonight to talk to Board members.

Our focus over the next twelve months will be on finalising and implementing actions identified under the Strategic Focus 2020-2021 and in our next three year Strategic, Business, and Operational Plans. The Board will continue oversight of clinical risk and excellence, and compassionate and consumer centred care. We will continue to provide special care for residents with dementia and to advocate for more places for those seeking benefit from access to community home care.

I would like to pay tribute to our past CEO, Julie Orr, for her leadership and dedication for 14 years, who worked with fellow Board members and our committed workforce and volunteers to ensure that every day, every encounter mattered. We work in an important industry and want to provide hospitality, hope and healing as well as compassionate care to those who need it.

With respect to governance, our board has altered its function and in addition to its long standing Audit, Risk & Compliance Committee now has a Clinical Governance Committee and a Governance Committee.

Finally, on behalf of the Board I would like to invite our previous Chairman, Mr Nick Green to officially invite Mr Craig Johnston to accept the inaugural Patron Award of May Shaw. This year, the Board began an awards program to honour the very best of May Shaw supporters for their outstanding service. The Board unanimously agreed to appoint Craig as May Shaw's Patron. Craig is a worthy appointment to the role of Patron, he is a strong advocate and has a long history of supporting the organisation and demonstrates and upholds the organisations Vision, Mission and Values. In accepting this award Craig will continue to assist May Shaw in achieving this Vision. The Patron award provides the May Shaw Communities of Swansea and Scottsdale with a way to recognise this key person. In this case, we cannot overlook the exceptional contribution made by Jennifer Johnston to May Shaw both directly and indirectly through Craig. Congratulations to Craig and heartfelt thanks to Jennifer.

Craig will formally take up the position following his retirement from the Board, at a date yet to be decided.

Regards

Di Aldous

Chair

29th October 2020

Acting Chief Executive Officer's Report



The last year has been no exception to any others where aged care has had to do more with less. Additional compliance brought on by the new Aged Care Standards, whilst being absolutely necessary to protect the ageing members of our community, has added extra burden to our staff; the Royal Commission has sadly focused on the very poor examples of care, rather than focusing on the many positive providers' great work, and this too has brought further negativity to our already stressed workforce.

According to the Stewart Brown Aged Care Financial Performance Survey to end of March 2020, 60% of all Aged care providers, and 74% of rural providers are operating at a loss, and May Shaw like all others, continues to operate in challenging financial circumstances. Of course, this is without even considering the impact of COVID-19 on financial performance. During these times, it is even more important to remind ourselves of what our goals are and so despite this, the May Shaw Board and leadership group remain focused on our strategic objectives; to transform our organisation into a financially sustainable and truly person centred provider of health care services, where our vision for our community to celebrate life at every stage is pursued with determination. I have been privileged to be a part of this process, firstly as a Board Member and more recently as our Acting CEO. I think it is critical we look forward as an organisation on where we are headed as the future is not only exciting for our staff but even more importantly for the people who come into contact with the services we provide.

The entire organisation is undergoing somewhat of a restructure as we work closely with

Daniel Cadart and Anna Graham from Logic Advisory Services who provide financial modelling to support the decisions being made. This process aims at providing more support and accountability to staff, greater clarity around roles and responsibilities and lines of reporting all of which assist in building a happy and more empowered and engaged workforce. This same financial modelling is enabling us to look at individual cost centres to allow benchmarking against other providers, all aimed at improving our business practises and reducing costs where possible.

Clinically, we will be introducing new software which enables us to individualise our care and support of our residents. It is with pleasure I have been meeting with our residents, in small groups or over lunch, to listen to their challenges and begin the process of truly partnering with them to ensure May Shaw is a continually improving organisation which remains relevant to the people we serve. Where safety and quality remain our number one focus. In keeping with the new Aged Care Standards, we are becoming a more open and transparent organisation where problems are shared and our stakeholders are involved, where appropriate, in the solutions.

A focus on increasing occupancy has seen our logo change, our website updated and a Facebook presence, all promoting May Shaw as a modern, person focused provider of health care services. Whilst occupancy is continually a challenge as people are supported more at home through our excellent Home Care Packages and associated programs, a more open market approach is hoped to maximise the possibilities as we better understand the consumer journey and how best to support people as they navigate the health and age related challenges of life, not to mention

encouraging those entering our homes to be a part of their own care, deciding very much when and how much care is offered, and partnering with us to create the experience they are wishing to have, all with the focus on enabling them to celebrate life.

In Scottsdale we are looking forward to the amalgamation of James Scott Wing with Aminya creating a 61-bed combined home with state-of-the-art facilities and sweeping views of the beautiful Scottsdale countryside. With this will come the savings necessary to make Aminya a financially sustainable operation available to the Scottsdale community. Our Urgent Care Centre and sub-acute beds remain a vital part of our Swansea community, keeping our community members closer to home as much as possible when they need additional medical assistance.

Change like this, whilst necessary, creates a challenging environment for staff. The leadership team, like all teams involved in such a process, are working extremely hard as are staff on the floor. The welfare of the people in our care remain their focus; they are doing an exceptionally good job as evidenced recently by our residents' commenting to me that "love is all around", "staff are like oceans of jewels", "the food fattens you up", and "staff are like family".

Finally, I'd like to thank all staff and The Board for their support since stepping into the Acting CEO role. Our team approach, in negotiating the challenges of providing modern health and aged care services to our rural communities, puts us in a wonderful position to achieve our objectives.

Sandy Travers
Acting CEO

Acknowledgements

Donations

May Shaw Health Centre acknowledges with grateful thanks, those individuals and organisations that donated goods and services over the last financial year.

Community

A very sincere thank you to the community for supporting fundraising events and activities. Thank you to those members of the community who have tirelessly worked to raise our profile.

Fundraising

May Shaw Health Centre acknowledges the generous gift of time and goods given by Care Recipients, the Community and Staff in fundraising activities.

Government Funding

We acknowledge ongoing funding from the Federal, Tasmanian and Local Governments. Particular thanks to Dorset Council for their ongoing support of aged care in the north east.



May Shaw Health Centre exists in an unusual position for an aged care facility by providing a range of health services to the community; not just aged care.

Most of the services we provide come at a cost that is substantially more than the funding we receive for them, especially with our commitment to providing quality care to the community.

Donations and sponsorships ensure that we have the ability to continue to provide quality health care for the benefit of the community.

Donations of \$2.00 or more are tax deductible.

We rely on the generosity of care recipients, patients, individual donors, community groups and corporate supporters to supplement funding.

There are many ways you can support May Shaw Health Centre, through donations, sponsorships, in memoriam donations and bequests.

We are always seeking volunteers to help our residents to maintain activities such as shopping and outings.

DO YOU WANT TO HELP?

VOLUNTEERING

DONATIONS

SPONSORSHIP

BEQUESTS

CONTACT US

Swansea Office

37 Wellington Street

Swansea Tas 7190

Ph: (03) 6257 9100

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19 Cameron Street

Scottsdale Tas 7260

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Fax: (03) 6252 9611

Email: mayshaw@mayshaw.com.au

Website: mayshaw.org.au



COLLABORATION

EQUITY

RESPECT

LEADERSHIP



MayShaw

Health and Aged Care for Living

May Shaw Health Centre Inc

Financial Statements

For the Year Ended 30 June 2020

May Shaw Health Centre Inc

Financial Statements

For the Year Ended 30 June 2020

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May Shaw Health Centre Inc

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May Shaw Health Centre Inc

Statement of Profit or Loss

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Operating Revenue			
Resident fees		2,711,658	2,776,503
Government funding		8,891,266	8,336,251
Accommodation retentions		7,625	7,956
Other income		1,383,780	966,431
		<u>12,994,329</u>	<u>12,087,141</u>
Operating Expenses			
Administration		716,380	508,572
Domestic		630,527	610,328
Medical therapy		438,986	424,030
Depreciation		711,932	747,965
Insurance		375,814	358,178
Property		656,506	686,407
Employment		9,838,469	9,390,162
		<u>13,368,614</u>	<u>12,725,642</u>
Operating Surplus/(Deficit)		(374,285)	(638,501)
Non-Operating Items			
Fundraising and donations		12,381	9,733
Interest received		130,865	147,289
Government grants for capital purposes		195,676	121,942
Gain on disposal of assets		5,110	-
Interest paid		(26,053)	(30,928)
		<u>(56,306)</u>	<u>(390,465)</u>
NET SURPLUS/(DEFICIT)		(56,306)	(390,465)
Total comprehensive income for the year		(56,306)	(390,465)

The accompanying notes form part of these financial statements.

May Shaw Health Centre Inc

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash at bank	4	5,200,192	5,575,555
Trade and other receivables	5	345,825	203,856
Prepayments		19,931	28,239
Total current assets		5,565,948	5,807,650
Non-current assets			
Property, plant and equipment	6	14,440,794	10,306,285
Total non-current assets		14,440,794	10,306,285
TOTAL ASSETS		20,006,742	16,113,935
Current liabilities			
Trade and other payables	7	1,644,133	1,044,721
Borrowings	8	3,075	31,188
Provisions	9	1,424,177	1,293,324
Resident bonds and deposits	10	8,180,553	8,247,248
Deferred revenue	11	3,415,000	116,271
Total current liabilities		14,666,938	10,732,752
Non-current liabilities			
Other financial liabilities	8	365,000	382,772
Provisions	9	261,168	228,469
Total non-current liabilities		626,168	611,241
TOTAL LIABILITIES		15,293,106	11,343,993
NET ASSETS		4,713,636	4,769,942
EQUITY			
Accumulated funds		4,713,636	4,769,942
TOTAL EQUITY		4,713,636	4,769,942

The accompanying notes form part of these financial statements.

May Shaw Health Centre Inc

Statement of Changes in Equity

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
Accumulated Funds		
Opening balance	4,769,942	5,160,408
Net surplus/(deficit) for the year	(56,306)	(390,466)
Closing balance	<u>4,713,636</u>	<u>4,769,942</u>

May Shaw Health Centre Inc

Statement of Cash Flows

For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Resident and client fees received	2,559,982	2,958,358
Government subsidies received	8,932,298	8,388,721
Receipts from other sources	1,895,134	1,340,528
Payments to employees	(9,716,480)	(9,482,238)
Payments to suppliers	(3,374,422)	(2,738,148)
Interest received	130,865	147,289
Finance costs	(26,053)	(28,965)
GST refunds received	154,773	60,891
Net cash provided by/(used in) operating activities	14 556,097	646,436
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	8,000	-
Payments for purchase of property, plant and equipment	(4,346,682)	(586,761)
Net cash provided by/(used in) investing activities	(4,338,682)	(586,761)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bonds and deposits received	3,208,821	2,804,588
Resident bonds and deposits refunded	(3,267,891)	(2,391,157)
Capital grant received	3,494,405	238,213
Repayment of borrowings	(28,113)	-
Net cash provided by/(used in) financing activities	3,407,222	651,644
Net increase/(decrease) in cash and cash equivalents held	(375,363)	711,319
Cash and cash equivalents at beginning of year	5,575,555	4,864,236
Cash and cash equivalents at end of year	4 5,200,192	5,575,555

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Statement of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. May Shaw Health Centre Inc (MSHC) is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements have been prepared on an accruals basis (except for the cash flow information) 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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(a) Revenue and other income

Revenue from fees for services provided to residents is recognised upon billing of the service to the resident. Any fees received in advance of the payment falling due are treated as a liability.

Government funding is recognised as revenue in the statement of profit and loss when control is obtained over the funds or right to receive the funds. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets.

Other revenue items, including donations, bequests and fundraising are recognised on receipt.

(b) Income tax

MSHC has not adopted the principles of tax-effect accounting as it has received notification of its exemption from income tax under section 50-45 of the Australian Income Tax Assessment Act 1997.

(c) Cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and deposits at call or with maturity terms of less than 30 days, net of outstanding bank overdrafts.

(d) Property, plant and equipment

Land is measured at cost and is not depreciated. Buildings and plant and equipment are measured at cost and depreciated over the expected useful life of each asset using the diminishing value basis. The carrying amount of property, plant and equipment is reviewed annually by the Board to ensure that it is not in excess of the recoverable amount of these assets. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows from its continued use and subsequent disposal. In determining the recoverable amount of non-current assets the net cash flows have not been discounted to their present value.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Statement of Significant Accounting Policies

(d) Property, plant and equipment

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

Buildings	5%
Motor Vehicles	15% - 25%
Computers	33%
Other equipment	5% - 40%

(e) Impairment of non-financial assets

At the end of each reporting period MSHC determines whether there is any evidence of an impairment indicator for non-financial assets. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(f) Employee benefits

Provision is made for MSHC's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee 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.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. Changes in the measurement of the liability are recognised in profit or loss.

(g) Accommodation bonds and deposits

Residential aged care

Accommodation bonds received prior to 1 July 2014 are non interest bearing deposits made by aged care facility residents to MSHC upon their admission to low care. These bonds are provided to assist MSHC in providing capital infrastructure, and are initially recognised as a liability. In accordance with resident agreements, a portion of each bond is recognised as revenue proportionately over a set period. The liability for accommodation bonds is carried at the amount that would be payable on departure or transfer of the resident. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the Aged Care Act 1997.

From 1 July 2014, residents can elect for their accommodation contribution to be paid as a Daily Accommodation Payment ("DAP") or a Refundable Accommodation Deposit ("RAD"), or a combination of both. RADs do not have an amortisation factor, however, residents can choose for their DAP (and some other charges) to be drawn against the RAD.

Once a refunding event occurs the amount refundable to the resident becomes interest bearing. The interest rate varies according to the agreement and is recognised on an accrual basis over the period it is earned.

These funds are guaranteed under the Accommodation Bond (Guarantee Scheme) which came into operation on the 31st May 2006. The Guarantee Scheme enables the Commonwealth to step in and

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Statement of Significant Accounting Policies

(g) Accommodation bonds and deposits

Residential aged care

refund accommodation bond or entry contribution balances to residents if the approved provider has defaulted on its financial obligations due to bankruptcy or insolvency. After the refunds have been made, the Commonwealth becomes the creditor (unsecured) for those amounts. The Commonwealth then pursues the defaulting approved provider for recovery of funds through normal insolvency procedures. The Guarantee Scheme is established under the Aged Care (Bond Security) Act 2006 (Bonds Security Act).

Retirement village

Residents of the retirement village owned by MSHC pay a leasehold deposit to MSHC to secure the right to occupy the unit, based on the market value of the unit. A portion of this deposit is retained by MSHC over the period specified in the lease agreement, with the balance refunded to residents on their departure along with a share of any increase in market value experienced during the period of residence. This share of capital appreciation is recorded as an expense in the income statement.

2 Significant Financial Arrangements

In December 2015 MSHC took over management of Aminya, a 32 bed aged care facility located in Scottsdale in North East Tasmania under an arrangement with North East Care Inc and Dorset Council approved by the Tasmanian State Government. In May 2017 this arrangement was extended when MSHC took over management of James Scott Wing, a 29 bed aged care facility also located in Scottsdale, adjacent to Aminya and previously operated by the Tasmanian Department of Health.

As part of their arrangements the Dorset Council and State Government have committed to underwrite operating deficits incurred by the Scottsdale facilities up to a maximum of \$75,000 per month until December 2020. MSHC bears the exposure to any deficits exceeding this amount.

As part of the arrangements negotiated with Dorset Council, MSHC will consolidate the operations of the two Scottsdale facilities. Dorset Council has agreed to provide loan funding up to \$2,000,000 to part fund the necessary construction works, and a working capital facility up to a maximum of \$500,000. Part of the working capital facility has already been drawn down, and is disclosed in Note 8.

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$	2019 \$
3 Operating Result		
Included in the operating deficit were the following specific items of revenue and expenses:		
INTEREST REVENUE		
Interest received	<u>130,865</u>	147,289
Total interest revenue	<u>130,865</u>	147,289
INTEREST EXPENSE		
Borrowings	1,687	1,863
Interest paid on bonds	<u>24,366</u>	29,065
Total interest expense	<u>26,053</u>	30,928
OTHER EXPENSES		
Depreciation		
Buildings	570,854	570,411
Plant and equipment	<u>141,078</u>	177,554
	<u>711,932</u>	747,965
4 Cash at Bank		
Operating bank accounts	603,092	454,663
Short-term deposits	<u>4,597,100</u>	5,120,892
	<u>5,200,192</u>	5,575,555
5 Trade and Other Receivables		
Trade receivables	287,982	193,181
GST refunds due	<u>57,843</u>	10,675
	<u>345,825</u>	203,856

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$	2019 \$
6 Property, Plant and Equipment		
LAND AND BUILDINGS		
Land and buildings		
Land at cost	413,352	413,352
Buildings at cost	9,983,817	9,762,938
Less: accumulated depreciation	<u>(3,355,014)</u>	<u>(3,010,920)</u>
	<u>7,042,155</u>	<u>7,165,370</u>
Leasehold Improvements		
At cost	4,522,810	4,522,810
Less: accumulated depreciation	<u>(2,709,309)</u>	<u>(2,482,549)</u>
	<u>1,813,501</u>	<u>2,040,261</u>
Capital works in progress	<u>5,081,664</u>	<u>552,797</u>
Total land and buildings	<u>13,937,320</u>	<u>9,758,428</u>
PLANT AND EQUIPMENT		
At cost	1,930,139	1,822,984
Less: accumulated depreciation	<u>(1,426,665)</u>	<u>(1,275,127)</u>
Total plant and equipment	<u>503,474</u>	<u>547,857</u>
Total property, plant and equipment	<u>14,440,794</u>	<u>10,306,285</u>

Movements in Carrying Amounts

	Capital works in progress \$	Land \$	Buildings \$	Leasehold Improvements \$	Plant and Equipment \$	Total \$
Opening balance	552,797	413,352	6,752,018	2,040,261	547,857	10,306,285
Additions	4,749,746	-	-	-	99,584	4,849,331
Disposals	-	-	-	-	(2,890)	(2,890)
Transfers	(220,879)	-	220,879	-	-	-
Depreciation expense	-	-	(344,094)	(226,760)	(141,078)	(711,932)
Closing balance	<u>5,081,664</u>	<u>413,352</u>	<u>6,628,803</u>	<u>1,813,501</u>	<u>503,473</u>	<u>14,440,794</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$	2019 \$
7 Trade and Other Payables		
Trade payables	826,850	170,033
Resident funds held in trust	58,806	115,681
Employee benefits	226,295	267,858
Homecare package funds held on behalf of clients	532,182	491,149
	<u>1,644,133</u>	<u>1,044,721</u>
8 Borrowings		
CURRENT		
Bank loans - secured	<u>3,075</u>	31,188
	<u>3,075</u>	<u>31,188</u>
NON-CURRENT		
Loan - Dorset Council	<u>365,000</u>	382,772
	<u>365,000</u>	<u>382,772</u>

Bank loans - Secured

The loan from MyState has a term of five years expiring in 2021, with monthly repayments of principal and interest. Surplus funds have been used to pay down the loan in advance of the minimum repayments, and a redraw facility is available with access to total funds of \$593,969. The loan is secured by first registered mortgages over real property owned by May Shaw Health Centre Inc, and floating charges over the assets and undertakings of the organisation.

Loan - Dorset Council

The loan from Dorset Council is a working capital facility established to support the operations of the former Aminya and James Scott Wing facilities in Scottsdale during the interim period prior to the intended construction of a new combined facility at Scottsdale. The loan is repayable in full on 1 July 2029, being the 10th Anniversary of the anticipated completion date for the acquisition of the Aminya land from Dorset Council. Interest is payable at the same rate applies to Dorset Council's borrowings from TasCorp.

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$	2019 \$
9 Provisions		
CURRENT		
Annual leave	934,177	814,431
Long service leave	490,000	478,893
	<u>1,424,177</u>	<u>1,293,324</u>
NON-CURRENT		
Long service leave	261,168	228,469
	<u>261,168</u>	<u>228,469</u>
10 Accommodation Bonds and Deposits		
Accommodation bonds	501,663	570,084
Refundable accommodation deposits and contributions	7,131,189	7,121,838
Retirement village entry contributions	547,701	555,326
	<u>8,180,553</u>	<u>8,247,248</u>
11 Deferred Revenue		
Commonwealth Regional Infrastructure grant - Swansea	-	116,271
Commonwealth ACAR funding - Scottsdale	2,700,000	-
Dorset Council - Scottsdale	715,000	-
	<u>3,415,000</u>	<u>116,271</u>

12 Members' Guarantee

MSHC is incorporated under the Associations Incorporations Act (Tasmania) 1964. If it is wound up, the rules of MSHC state that each member is required to contribute a maximum of \$5 toward meeting any outstanding obligations of MSHC.

13 Related Party Transactions

There have been no transactions between May Shaw Health Centre Inc and any related parties during the financial year.

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$	2019 \$
14 Cash Flow Information		
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	(56,306)	(390,466)
Cash flows excluded from profit attributable to operating activities		
Government grants for capital purposes	(195,676)	(121,942)
Non-cash flows in profit:		
Depreciation	711,932	747,965
Losses absorbed into Council loan	(17,772)	157,703
Interest accumulated to loan balance	-	1,963
Accommodation retentions	(7,625)	(7,956)
Gain on disposal of assets	(5,110)	-
Changes in assets and liabilities:		
Trade and other receivables	(141,969)	124,238
Prepayments	8,308	85,335
Provisions	163,553	(11,234)
Trade and other payables	96,763	60,830
Cashflows from operations	556,098	646,436

15 Capital Commitments

In August 2019, MSHC signed a contract for the construction of a new residential aged care facility in Scottsdale, adjacent to its existing Aminya facilities and the State-owned hospital. The total cost of the project, encompassing construction and related fees, will be approximately \$7.5m. The new building is expected to be available for use by December 2020. The costs of the project will be funded by a combination of Commonwealth Government ACAR funding of \$3.0m, Dorset Council funding of \$1.43m, borrowings from Dorset Council of \$2.0m and the balance from resident RADs. The loan from the Dorset Council is repayable over 10 years.

May Shaw Health Centre Inc

Board Declaration

The Board of May Shaw Health Centre Inc declares that:

- (a) In the opinion of the Board, the financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
- giving a true and fair view of May Shaw Health Centre's financial position as at 30 June 2020, and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards - Reduced Disclosure Requirements and the requirements of the *Australian Charities and Not-for-profits Commission Regulations 2013*.
- (b) there are reasonable grounds to believe that May Shaw Health Centre Inc is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with a resolution of the Board.

Director 

Director 

Dated this 4th day of September 2020

Auditor's Independence Declaration

To the Board of Management of May Shaw Health Centre Inc

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor of May Shaw Health Centre Inc for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the 60-40 of *the Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Synectic Audit & Assurance Pty Ltd

Benjamin Coull
Director

Date: 8 September 2020

Independent Auditor's Report

To the Members of May Shaw Health Centre Inc

Report on the Audit of the Financial Report

We have audited the financial report of May Shaw Health Centre Inc (the entity), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Board of Management declaration.

Opinion

In our opinion the accompanying financial report of May Shaw Health Centre Inc is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2020 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 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 entity in accordance with the auditor independence requirements of the 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.

Responsibilities of the Board of Management for the Financial Report

The Board of Management of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board of Management determine is necessary to enable the

preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Management are responsible for assessing the entity'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 Board of Management either intend to liquidate the entity 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of management'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Synectic Audit & Assurance Pty Ltd

Benjamin Coull
Director

Date: 8 September 2020