

**MINIMBAH CHALLENGE
INCORPORATED**

FINANCIAL REPORT

FOR THE YEAR ENDED

30TH JUNE 2020

MINIMBAH CHALLENGE INCORPORATED
ABN 11 850 625 970

Financial Report for the Year Ended 30 June 2020

DIRECTORS' REPORT

Your directors present this report on Minimbah Challenge Incorporated (the "Association") for the financial year ended 30 June 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

David Peachey
Michael Welch
Danny Hui
Elaine Abery
Michael Nowland (Appointed 26 October 2019)
Anthony Colaco (Appointed 26 October 2019)
David Williams (Retired 25 October 2019)

Members 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 the Association during the year were the provision of support services to people with an intellectual disability, including day programs, fundraising and engagement with the community.

Meeting of Directors

During the financial year, twelve (12) meetings of directors were held. Meeting attendance by each member was as follows:

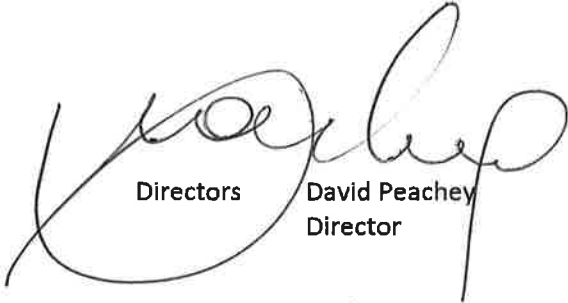
	Number eligible to attend	Number attended
David Peachey	12	12
Michael Welch	12	12
Danny Hui	12	12
Elaine Abery	12	12
Michael Nowland	10	8
Anthony Colaco	10	7
David Williams	2	2

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Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and is attached.

Signed in accordance with a resolution of the Board of Directors.



Directors David Peachey
Director



Michael Welch
Director

Dated this 7/9/ 2020

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

	Note	2020 \$	2019 \$
Revenue from ordinary activities	2	4,985,898	4,347,727
Expenses from ordinary activities	3	<u>4,371,316</u>	<u>4,123,769</u>
Surplus/(deficit) before income tax		614,582	223,958
Income tax expense		<u>-</u>	<u>-</u>
Surplus/(deficit) for the year		614,582	223,958
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>614,582</u>	<u>223,958</u>

Additional information:

The financial result for Minimbah was impacted by the onset of the Covid-19 pandemic from March 2020. Prior to that time, Minimbah was tracking for an estimated 2019/20 Net Result of \$180,000 inclusive of NDIS Temporary Transformation Payment funds of \$190,000 received during the year, for planned expenditure over the following years.

During the Covid period Minimbah received specific financial support through the Australian Government JobKeeper subsidy (retaining staff when client numbers declined); NDIS 10% Covid allowance; and the Australian Government PAYG Cashboost. These amounts are reported as income and without the benefit of these supports, Minimbah would have undertaken staffing and other cost reductions to ensure its long term viability. The net of these specific amounts is the primary contributor to the higher Net Result for 2019/20 than in the previous year.

MINIMBAH CHALLENGE INCORPORATED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash		141,147	195,240
Investments	4	1,808,534	845,412
Trade and Other Receivables	5	471,841	389,289
Other Assets	6	56,413	26,388
TOTAL CURRENT ASSETS		<u>2,477,935</u>	<u>1,456,329</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,819,055	1,722,237
TOTAL NON-CURRENT ASSETS		<u>1,819,055</u>	<u>1,722,237</u>
TOTAL ASSETS		<u>4,296,990</u>	<u>3,178,566</u>
CURRENT LIABILITIES			
Trade and other payables		611,527	183,812
Short-term provisions		195,458	151,870
TOTAL CURRENT LIABILITIES		<u>806,985</u>	<u>335,682</u>
NON-CURRENT LIABILITIES			
Long-term provisions		154,420	121,881
TOTAL NON-CURRENT LIABILITIES		<u>154,420</u>	<u>121,881</u>
TOTAL LIABILITIES		<u>961,405</u>	<u>457,563</u>
NET ASSETS		<u>3,335,585</u>	<u>2,721,003</u>
MEMBERS' FUND	8	<u>3,335,585</u>	<u>2,721,003</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Accumulated Members' Fund	2020	2019
	\$	\$
Balance at the beginning of the year	2,721,003	2,497,045
Prior year adjustment	-	-
Amount credited directly into Equity	-	-
Profit/(Loss) attributable to the entity	<u>614,582</u>	<u>223,958</u>
Balance at the end of the year	<u>3,335,585</u>	<u>2,721,003</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash Flow From Operating Activities			
Receipts from clients and other receipts		4,900,525	4,284,630
Interest received		3,952	6,309
Payments to suppliers and employees		<u>(3,792,541)</u>	<u>(3,981,163)</u>
Net cash from/(used in) operating activities		<u>1,111,936</u>	<u>309,776</u>
Cash Flow From Investing Activities			
Investment in Cash Reserve Account		(1,264,253)	
Investment in term deposits			(300,000)
Redemption of term deposits		300,000	205,816
Purchase of property, plant & equipment		<u>(201,776)</u>	<u>(103,360)</u>
Net cash used in investing activities		<u>(1,166,029)</u>	<u>(197,544)</u>
Cash Flow From Financing Activities			
		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash held		(54,093)	112,232
Cash at the beginning of the financial year		<u>195,240</u>	<u>83,008</u>
Cash at the end of the financial year		<u>141,147</u>	<u>195,240</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared in accordance with Australian Accounting Standards and on the basis of historical costs. The financial statements are general-purpose financial statements. The following is a summary of the material accounting policies:

a. Fixed Assets

Fixed assets are included at cost and are depreciated on a streamline value basis over the estimated useful life of the assets. Estimated useful lives are as follows:

Building and building improvement	40 years
Motor vehicles	6.67 years
Plant and equipment	7 years
Office furniture	10 years
Computers	2.50 years

Assets with cost below \$1,000 are immediately written off unless it is part of a set.

b. Employee Benefits and Long Service Leave

Provision is made for accrued liabilities for annual leave. Long service leave is provided for employees with more than five years of service.

c. Income Tax

Minimbah Challenge Incorporated is exempt from income tax under S23 (e) of the Income Tax Assessment Act as a registered charitable organisation.

NOTE 2: REVENUE

	2020	2019
	\$	\$
NDIS income	4,226,479	4,069,395
Fees	114,973	128,508
Government subsidy - recurring	40,566	38,398
Government subsidy - non recurring	494,500	17,603
Fundraising and donations	6,050	3,250
Interest income	3,952	6,822
Other income	99,378	83,751
Total revenue	<u>4,985,898</u>	<u>4,347,727</u>

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

NOTE 3: EXPENSES

	2020	2019
	\$	\$
Advertising/staff	-	1,364
Audit fees	5,400	7,200
Bad debts and doubtful debts	70,000	5,347
Cleaning	62,617	56,020
Consultancy fees	41,500	50,560
Computer expenses	52,738	47,733
Depreciation	104,958	104,046
Education and recreation program expenses	58,082	57,004
Gardening	16,723	12,485
Insurance	137,827	113,083
Leasing – motor vehicle	-	8,143
Lighting and power	12,334	18,452
Motor vehicles	35,119	41,029
NDIS set up costs	13,514	15,463
Other	61,349	37,008
Printing, postage and telephone	30,873	33,245
Rates	389	594
Repairs and maintenance	20,246	36,487
Salaries, wages and employee benefits	3,633,599	3,465,249
Staff training	14,048	13,257
Write offs	-	-
Total expenses	<u>4,371,316</u>	<u>4,123,769</u>

NOTE 4: INVESTMENTS

	2020	2019
	\$	\$
ME Bank Term Deposit	-	300,000
Bendigo Community Sector Banking	-	-
Westpac Cash Reserves	1,805,915	541,662
IAG shares	2,619	3,750
Total investments	<u>1,808,534</u>	<u>845,412</u>

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

NOTE 5: RECEIVABLES

	2020	2019
	\$	\$
Trade debtors	116,775	100,337
Provision for doubtful debts	<u>(70,245)</u>	<u>(4,389)</u>
	46,530	95,948
JobKeeper subsidy and Cash boost receivable	156,500	
Other receivables	<u>268,811</u>	<u>293,341</u>
Total receivables	<u>471,841</u>	<u>389,289</u>

NOTE 6: OTHER ASSETS

	2020	2019
	\$	\$
Prepayments	<u>56,413</u>	<u>26,388</u>
Total other assets	<u>56,413</u>	<u>26,388</u>

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
Computers at cost	72,321	26,241
Less accumulated depreciation	<u>(27,763)</u>	<u>(13,544)</u>
	44,558	12,697
Motor vehicles at cost	364,279	263,388
Less accumulated depreciation	<u>(264,163)</u>	<u>(259,564)</u>
	100,116	3,824
Plant and equipment at cost	171,460	123,705
Less accumulated depreciation	<u>(44,236)</u>	<u>(24,375)</u>
	127,224	99,330
Office furniture and equipment at cost	94,262	87,212
Less accumulated depreciation	<u>(44,647)</u>	<u>(35,861)</u>
	49,615	51,351
Land and buildings at cost	2,299,733	2,299,733
Less accumulated depreciation	<u>(802,191)</u>	<u>(744,698)</u>
	<u>1,497,542</u>	<u>1,555,035</u>

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	2020	2019
	\$	\$
Total property, plant and equipment at cost	3,002,055	2,800,279
Less accumulated depreciation	<u>(1,183,000)</u>	<u>(1,078,042)</u>
Net book value	<u>1,819,055</u>	<u>1,722,237</u>

Movements in the asset balances during the year were:

Property

	2020	2019
	\$	\$
Opening balance	1,555,035	1,608,932
Purchases during the year	-	4,282
Less		
Disposal of assets/write off	-	(96)
Depreciation charge	<u>(57,493)</u>	<u>(58,083)</u>
Balance at the end of the year	<u>1,497,542</u>	<u>1,555,035</u>

Plant and Equipment

	2020	2019
	\$	\$
Opening balance	167,202	113,990
Purchases during the year	201,776	99,175
Less		
Disposal of assets/write off	-	-
Depreciation charge	<u>(47,465)</u>	<u>(45,963)</u>
Balance at the end of the year	<u>321,512</u>	<u>167,202</u>

NOTE 8: ACCUMULATED MEMBERS' FUND

	2020	2019
	\$	\$
Balance at beginning of the year	2,721,003	2,497,045
Prior year adjustment		
Operating surplus/(deficit) for the year	<u>614,582</u>	<u>223,958</u>
Balance at the end of the year	<u>3,335,585</u>	<u>2,721,003</u>

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

NOTE 9: FINANCIAL INSTRUMENTS DISCLOSURE

a. Interest Rate Risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and liabilities is as follows:

2020	Floating interest rate \$	Contracted to mature in less than 12 months \$	Weighted average rate
Cash	141,147		
Cash reserve	1,808,534		0.10%
Term deposit	-		-
Total	1,949,681	-	

2019	Floating interest rate \$	Contracted to mature in less than 12 months \$	Weighted average rate
Cash	195,240		
Cash reserve	541,662		1.09%
Term deposit	300,000		2.54%
Total	1,036,902	-	

All items are priced daily except for term deposits which are repriced at maturity.

b. Liquidity and Cash Flow Risk

The liquidity risks associated with the need to satisfy normal operating expenditure requirement are mitigated by maintaining sufficient cash and liquid assets to satisfy usual level of demand.

c. Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The Association has no material credit risk exposure to any individual debtor. Cash and investments were held with Westpac Bank and ME Bank.

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

NOTE 10: RELATED PARTY TRANSACTIONS

Directors of the Association did not receive any remuneration from the Association. There were no transactions between the Association and any of its directors or with any organisation in which directors held a substantial financial interest.

NOTE 11: CONTINGENT LIABILITIES

The government has provided grants and subsidies to assist in the purchase by the Association, and its predecessor, the Epping Branch of Challenge Foundation, of various items included in fixed assets. As such the government has equity in a number of fixed assets which may, on sale or transfer, require repayment of some or all of the proceeds.

The liability is contingent upon an event occurring which will make the liability a probability. Because no such event has occurred, such liability has not been brought to account.

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

The business of Minimbah Challenge Inc was impacted by the global pandemic, COVID-19, in the later part of FY2020 and to the current time.

Due to the Covid19 pandemic Minimbah experienced a decline in the number of clients able to attend daily that resulted in a decrease in NDIS revenue from March to June 2020. Whilst there has been a gradual return of a number of clients from July 2020, the ongoing unpredictability of the threat of the pandemic makes it difficult to assess the financial impact of the pandemic for FY2021 and beyond. The financial management of Minimbah throughout this period remains sound and subject to ongoing risk assessments and has been greatly assisted by the Australian Government's JobKeeper initiative.

The Directors are committed to ensuring that the management of the operations of the organisation is undertaken in a safe and financially responsible manner throughout this period of global uncertainty. Moreover, to the Directors' knowledge, no further events have occurred, after the reporting date, which are likely to have a material effect on the operations of the organisation.

Minimbah has taken and will continue to take all the necessary steps, in line with the Australian and NSW Government's directives, requirements and recommendations, to ensure the ongoing safety of clients, workers and visitors.

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DIRECTORS' DECLARATION

In the opinion of the Directors of Minimbah Challenge Incorporated:

- 1 a. The accompanying Statement of Profit and Loss and Other Comprehensive Income is drawn up so as to give a true and fair view of the surplus of the Association for the 12 months ended 30th June 2020; and
- b. The accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Association as at 30th June 2020.
- 2 At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



David Peachey
Director



Michael Welch
Director

Dated this 7/9/ 2020


MINIMBAH CHALLENGE INCORPORATED
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FUNDRAISING DECLARATION

In the opinion of the Directors of Minimbah Challenge Incorporated:

- a. The accounts give a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals; and
- b. The Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation; and
- c. The provision of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the organisation; and
- d. The internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



David Peachey
Director



Michael Welch
Director

Dated this 7/9/ 2020

Auditors Independence Declaration
Under Section 307C of the Corporations Act 2001

To Members of MINIMBAH CHALLENGE INC

I declare that, to the best of my knowledge and belief, in relation to the audit of MINIMBAH CHALLENGE INC for the year ended 30 June 2020, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Amelia L Y Chen
AC ACCOUNTING AND TAXATION
Chartered Accountants
Australia and New Zealand
Membership Number: 330951

3 Doig Avenue DENISTONE EAST NSW 2112



Dated this 16th day of September 2020