

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Consolidated Financial Statements

For the Year Ended 30 June 2022

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Contents

For the Year Ended 30 June 2022

	Page
Consolidated Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	40
Independent Audit Report	41

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Report For the Year Ended 30 June 2022

The directors present their report, together with the financial statements of the Group, being integratedliving Australia Limited and its controlled entities, for the financial year ended 30 June 2022.

Information on directors

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

D Kimberley	Appointed 30 October 2014
Qualifications	Doug is a Fellow of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management. He holds an MBA, Diploma of Public Administration, Diploma of Project Management, Bachelor of Arts, and Graduate Diploma of Business.
Experience	Doug has a history of leading and facilitating significant organisational change and development to meet modern and sophisticated business based service delivery demands. He has worked in and with a range of both public and private sector organisations. His experience includes designing change models as well as establishing innovative and diverse teams to lead and deliver effective change within Essential Services, Community Services, Engineering and Manufacturing Sectors. Previously a Senior Manager, Doug now engages in Consulting and Business Mentoring Assignments involving Senior Management and Boards. He has experience at Board level on a number of Community Service and Government Boards, most recently the Chair of a significant Regional Disability Support Provider in Victoria.
Special responsibilities	Chair of integratedliving Australia Ltd Board since 29 October 2015 Chair of Partnerships & Development Committee Chair of Governance & Nominations Committee Member of Finance & Audit Committee Member of Quality, Risk & Compliance Committee Member of Partnerships & Development Committee Chair of Riverina Community College Board - ceased 24 September 2020 Chair of Hunter Integrated Care Inc Board
K E Manwarring	Appointed 29 October 2008
Qualifications	Kim holds a B. Social Science and a Graduate Diploma in Human Resource Management.
Experience	Kim has had a long association with integratedliving Australia Ltd having been a Board member of its former entity Hunter Integrated Care Inc and is also currently a Board member of Drug & Alcohol Health Service Inc, Upper Hunter Youth Services Inc. and the Arts - Upper Hunter Group. Kim has more than 25 years' experience in the Community Services sector working extensively with not for profit groups in the area of community development. As the Coordinator of the Community Partnerships Team of Muswellbrook Council, Kim works extensively with services that provide support to vulnerable people and works closely with the Aboriginal Community building capacity in their community through a range of projects.
Special responsibilities	Chair of the Quality, Risk & Compliance Committee Member of Governance & Nominations Committee Director of Riverina Community College - ceased 24 September 2020 Deputy Chair of Hunter Integrated Care Inc Board

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Report For the Year Ended 30 June 2022

Information on directors (cont'd)

J Marshall	Appointed 1 July 2014
Qualifications	Justin is a member of the Institute of Chartered Accountants in Australia and a Chartered Tax Advisor with the Tax Institute of Australia. Justin holds a Bachelor of Commerce - Accounting Major from the University of Tasmania.
Experience	Justin is a Senior Accountant at the Meander Valley Council and previous to this was a senior manager in the private enterprise division of KPMG and has over 18 years' experience in the accounting industry, providing a range of advisory services to clients throughout Tasmania. Justin has extensive experience in the not for profit sector, having been Treasurer on the Board of Theatre North since 2006. Justin is also currently Treasurer on the Board of New Horizons Tasmania and served as a Board member of Family Based Care Association (Northern Region) Inc. from 2011 to 2014.
Special responsibilities	Chair of Finance & Audit Committee Member of Partnerships & Development Committee Director of Riverina Community College - ceased 24 September 2020
P Barton	Appointed 7 August 2017
Qualifications	Peter is an Associate Certified Practising Accountant, holds a Post Graduate Diploma in Health Services Management from Latrobe University and a Bachelor Business Studies (Accounting) Deakin University
Experience	Peter has extensive executive and financial management experience, corporate services, systems control and development and implementation of strategic reforms, across the health and hospital system within regional Victoria. Peter is a member of the Australian Health Services Financial Management Association, inaugural Chair and founding member of Grampians Region Hospital Finance Managers Committee, previous Chair Grampians Regional Health IT Alliance Finance Committee, previous Director Ballarat District Nursing & Healthcare Group holding the position of Chair Finance Committee 2008-2015.
Special responsibilities	Member of Finance & Audit Committee Member of Quality, Risk & Compliance Committee Director of Riverina Community College - ceased 24 September 2020

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Report For the Year Ended 30 June 2022

Information on directors (cont'd)

J Perry	Appointed 7 August 2017
Qualifications	Jodie is a Certified Practising Accountant, holds a Bachelor of Commerce majoring in Accounting and Law from the University of Ballarat, and is a graduate of the Australian Institute of Company Directors.
Experience	<p>Jodie has international business experience as the Global Product Owner for Procure to Pay for a multinational food manufacturer. In this role Jodie is responsible for the design and implementation of the business processes associated with procure to pay. Jodie has experience in delivering on global strategy whilst operating locally, supporting business process improvement globally and managing and leading teams through transformational change and crisis management. Jodie is also an experienced Management Accountant.</p> <p>Jodie has held a number of Board roles as Deputy Chair, Director, Chair of Finance Sub Committee at Ballarat District Nursing & Healthcare. Jodie is currently the Finance Committee Chair & a Board Member of Ballarat Group Training and a member of the Finance Audit and Risk Sub Committee of the Committee for Ballarat. Jodie is a Fellow of Leadership Ballarat & Western Region</p>
Special responsibilities	<p>Member of Governance & Nominations Committee</p> <p>Member of Partnerships & Development Committee</p>
G Morgan	Appointed 7 August 2018
Qualifications	Gary holds a Professional Certificate in Strategic Management from The Wharton School, an MBA and Graduate Diploma in Computing from Queensland University of Technology and a Bachelor of Commerce Degree from Griffith University.
Experience	<p>Gary provides an insight-led focus on strategy, innovation, business model transformation and commercialisation for organisations. He has 20 years of global innovation, startup and scaleup experience working at the nexus of research and development, industry and the government sector to drive new leadership through transformation, with a major focus on new and emerging technologies. Gary is an experienced board director in the health tech, aged care, technology and agtech sectors. He has co-authored papers and reports that have been published in leading entrepreneurship and medical journals and presented at international conferences. He is also Chair of Red Eight Produce Pty, Director of Collaboration Process Utility Pty Ltd and Director of Point Duty Pty Ltd.</p>
Special responsibilities	<p>Member of Partnerships & Development Committee</p>

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Report For the Year Ended 30 June 2022

Information on directors (cont'd)

Dr V Fortunato	Appointed 5 May 2020
Qualifications	Doctor of Philosophy (Ph.D.) Victoria University; Master of Arts (MA) La Trobe University; Graduate Diploma (Grad Dip) La Trobe University; Bachelor of Arts (BA) Victoria University; Graduate - Australian Institute of Company Directors.
Experience	Vanda has spent the last 20 years in executive and strategic leadership roles in Australia and overseas, with significant experience in public health, primary care, not-for-profits, medical training, academia, pharmaceuticals, health insurance and consulting. Vanda has been a CEO of two not-for-profit organisations, and has held senior executive roles with Medibank, a clinical research organisation and Accenture. She has also worked for the World Bank and the Asian Development Bank and started her career as an academic. Vanda is currently the Board Chair of Southern Metropolitan Cemeteries Trust, is on the Board of Breast Screen Victoria, Vasey RSL Care and Queen Victoria Market Committee of Trustees and was previously the Chair of New Aged Care, a private aged care company.
Special responsibilities	Clinical Advisory Committee Member

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

Company secretary

The following person held the position of Group secretary at the end of the financial year:

Catherine Daley; (B. Arts (University of Newcastle), MBA (University of Newcastle) has been the company secretary since 23 August 2010.

Principal activities

The principal activities of the Group during the financial year were:

- auspicing State and Federal Government programs and brokerage, providing community care and disability services to disadvantaged people in regional and rural New South Wales, Australian Capital Territory, Victoria, Queensland, Tasmania and the Northern Territory; and
- delivering nationally recognised training and non accredited lifestyle and leisure courses.

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

How principal activities assisted in achieving the objectives

The principal activities assisted the Group in achieving its objectives by delivering increased and more diverse client care hours and services across regional Queensland, Australian Capital Territory, Victoria, Tasmania, New South Wales and Northern Territory under programs such as home support, home care packages, short term restorative care, veterans home care, disability services and mental health respite.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Report For the Year Ended 30 June 2022

Performance measures

The following measures are used within the Group to monitor performance:

- ISO 9001:2015 Corporate Services;
- Quality and Safety in Health Care certification;
- Attendant Care Industry Management System Standards;
- Human Services Quality Framework;
- Veterans Home Care;
- Department of Verteran's Affairs - Veterans Home Care;
- Quality & Safety Framework Tasmania;
- National Vocational Education and Training Quality Framework including the Standards for Registered Training Organisations;
- Regular progress reports to Board from the Executive Leadership Team against the Strategic and Operational Plans;
- Monthly reviews of organisational performance against targets; and
- Regular internal quality audits.

Members' guarantee

integratedliving Australia Limited & Controlled Entities is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to NIL for members that are corporations and \$100 for all other members, subject to the provisions of the company's constitution.

At 30 June 2022 the collective liability of members was \$700 (2021: \$700).

Significant changes in state of affairs

On 7 October 2021, the consolidated entity divested Riverina Community College (RCC), a subsidiary of integratedliving Australia Limited, for nil consideration resulting in a loss on disposal of \$159,786. The disposal was driven by the non-alignment of the subsidiary's operations to the parent entity's long-term objectives.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Report For the Year Ended 30 June 2022

Review of operations

A review of the operations of the Group during the financial year and the results of those operations show the profit/(loss) break up as follows:

	2022	2021
	\$	\$
- integratedliving Australia Limited	(2,562,506)	2,559,769
- Hunter Integrated Care Incorporated	(395,535)	154
- Riverina Community College	(341,542)	(188,960)
- UNITI Software Pty Limited	-	22,279
(Deficit)/Surplus on continuing operations for the year	(3,299,583)	2,393,242

Operations remained under enormous constraints due to impact of COVID and floodings, in our service delivery footprint. In addition, workforce shortages continued to inhibit our ability to meet the demand for services despite redirecting workforce effort and pivoting to virtualised services where practicable.

Our investment portfolio was impacted due to adverse global financial markets conditions caused by high inflation and rising interest rates to tame the inflation. These pressures have resulted in a loss position this financial year.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

**Directors' Report
For the Year Ended 30 June 2022**

Meetings of directors

During the financial year, 45 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
D Kimberley	45	42
K E Manwarring	27	25
J Marshall	32	26
P Barton	35	35
J Perry	24	24
G Morgan	18	18
Dr V Fortunato	21	18

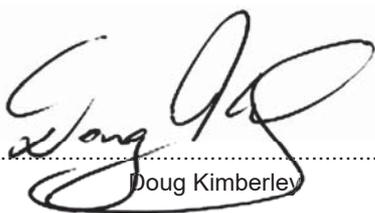
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 8 of the financial report.

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



Director:
Justin Marshall



Director:
Doug Kimberley

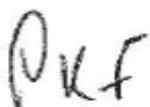
Launceston, Tasmania

Dated 27 October 2022

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of integratedliving Australia Limited & Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



KYM REILLY
PARTNER

27 OCTOBER 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

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PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	4	92,602,351	90,047,555
Other income	4	3,637,322	3,507,704
Employee benefits expense	6	(73,045,636)	(69,222,043)
Depreciation and amortisation expense	6	(2,720,698)	(3,286,606)
Finance costs	5	(159,347)	(166,754)
Consulting and professional fees		(4,684,649)	(3,915,603)
Care and service delivery costs		(10,084,161)	(7,930,462)
Small and miscellaneous equipment purchases		(144,495)	(122,884)
Printing and stationary		(939,989)	(764,673)
Other operating expenses	6	(7,760,281)	(6,360,411)
(Deficit)/surplus before income tax from continuing operations		(3,299,583)	1,785,823
Income tax expense for continuing operations	2(d)	-	-
(Deficit)/surplus after income tax from continuing operations		(3,299,583)	1,785,823
Surplus before income tax from discontinued operations	7	-	664,841
Income tax expense for discontinued operations	7	-	(57,422)
Surplus after income tax from discontinued operations		-	607,419
(Deficit)/surplus after income tax for the year		(3,299,583)	2,393,242
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements on investments held at fair value through other comprehensive income		(2,561,782)	2,145,248
Total comprehensive income for the year		(5,861,365)	4,538,490

The accompanying notes form part of these financial statements.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Statement of Financial Position

As at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	14,460,247	16,290,756
Trade and other receivables	9	5,532,042	6,847,381
Other financial assets	10	20,126,220	24,144,644
Other assets	11	3,886,480	4,429,024
TOTAL CURRENT ASSETS		44,004,989	51,711,805
NON-CURRENT ASSETS			
Property, plant and equipment	12	5,662,544	7,918,464
Intangible assets	13	2,858,633	1,481,139
Right-of-use assets	14	2,348,656	1,657,262
TOTAL NON-CURRENT ASSETS		10,869,833	11,056,865
TOTAL ASSETS		54,874,822	62,768,670
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	6,539,534	6,687,162
Lease liabilities	14	768,787	960,664
Employee benefits	17	5,866,165	6,580,041
Provisions	18	-	220,259
Contract liabilities	16	28,946,166	30,546,798
TOTAL CURRENT LIABILITIES		42,120,652	44,994,924
NON-CURRENT LIABILITIES			
Lease liabilities	14	1,510,494	737,949
Employee benefits	17	1,315,000	1,201,134
Provisions	18	209,378	254,000
TOTAL NON-CURRENT LIABILITIES		3,034,872	2,193,083
TOTAL LIABILITIES		45,155,524	47,188,007
NET ASSETS		9,719,298	15,580,663
EQUITY			
Reserves	19	1,903,933	4,465,715
Accumulated losses/retained earnings		7,815,365	11,114,948
TOTAL EQUITY		9,719,298	15,580,663

The accompanying notes form part of these financial statements.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Statement of Changes in Equity

For the Year Ended 30 June 2022

	Asset Revaluation Surplus	FVOCI Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2021	2,460,033	2,005,682	11,114,948	15,580,663
Deficit for the year	-	-	(3,299,583)	(3,299,583)
Total other comprehensive income for the year	-	(2,561,782)	-	(2,561,782)
Balance at 30 June 2022	2,460,033	(556,100)	7,815,365	9,719,298
Balance at 1 July 2020	2,460,033	(139,566)	8,721,706	11,042,173
Surplus for the year	-	-	2,393,242	2,393,242
Total other comprehensive income for the year	-	2,145,248	-	2,145,248
Balance at 30 June 2021	2,460,033	2,005,682	11,114,948	15,580,663

The accompanying notes form part of these financial statements.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	10,723,908	5,969,318
Receipt from grants	94,828,063	98,921,417
Payments to suppliers and employees	(107,107,108)	(97,267,050)
Distributions received	565,110	453,846
Interest received	67,564	166,309
Interest paid	(160,787)	(178,973)
Net cash (used in)/provided by operating activities	<u>(1,083,250)</u>	<u>8,064,867</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	955
Proceeds from disposal of financial assets	1,500,085	-
Purchase of financial assets	-	(5,924,838)
Purchase of property, plant and equipment	(1,135,625)	(1,734,477)
Net cash provided by/(used in) investing activities	<u>364,460</u>	<u>(7,658,360)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of business	-	450,000
Payment of lease liabilities	(1,111,719)	(1,816,038)
Net cash used in financing activities	<u>(1,111,719)</u>	<u>(1,366,038)</u>
Net decrease in cash and cash equivalents held	(1,830,509)	(959,531)
Cash and cash equivalents at beginning of year	<u>16,290,756</u>	<u>17,250,287</u>
Cash and cash equivalents at end of financial year	8 <u>14,460,247</u>	<u>16,290,756</u>

The accompanying notes form part of these financial statements.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial report covers integratedliving Australia Limited & Controlled Entities and its controlled entities ('the Group'). integratedliving Australia Limited & Controlled Entities is a not-for-profit Group limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 27 October 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for profits Commission Act 2012*.

The Group does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (integratedliving Australia Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis for consolidation (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

(b) Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

1. Identifies the contract with a customer;
2. Identifies the performance obligations in the contract;
3. Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
4. Allocates the transaction price to the separate performance obligations on the basis of the relative standalone selling price of each distinct good or service to be delivered; and
5. Recognises the revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds and any contingent events. Such estimates are determined using the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Group satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Group is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a contract liability until those conditions are satisfied. A contract asset is recognised when the Group has transferred goods or services to the customer as detailed in Note 2(m).

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(b) Revenue and other income (cont'd)

Specific revenue streams (cont'd)

Other revenue

Client fees are recognised when services have been performed, and measured at the fair value of the consideration received.

Donations and bequests are recognised when received.

Broker income

Broker income is recognised when the services have been performed for another provider and measured at the fair value of consideration received.

Interest revenue

Interest is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Riverina Community College funding

Riverina Community College funding is government grant funding that is received for the provision of education training and community programs in the Riverina area. Funding revenue is recognised when the services have been provided.

Dividends received

Dividend revenue is recognised when the right to receive the dividend has been established and the amount can be reliably measured.

Other income

Other income is received for the provision of other services by the Group and includes provision of other ad hoc operating income and government assistance received that is not related to the provision of community care and disability services related.

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

(c) Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(d) Income Tax

No provision for income tax has been raised for integratedliving Australia Ltd, Riverina Community College and Hunter Integrated Care Incorporated as these entities are self-assessed as exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. The remaining entity in the Group Uniti Software Pty Ltd, is a for-profit entity and is subject to income tax. Refer to Note 3 for further information on income tax.

(e) Deductible gift recipient status

The Group and two of its controlled entities are endorsed with Deductible Gift Recipient status. This is further detailed at Note 21.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, other short-term investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Land and buildings

Freehold land and buildings are shown at their fair value based on a periodic, but at least triennial, valuation by an external independent valuer. Valuations were performed during the 2020 financial year and details are outlined at Note 3.

In periods when the freehold land is not subject to an independent valuation, the Directors assess fair value, including the existence of any impairment indicators, to ensure the carrying amount for the land is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Buildings are depreciated on a straight-line basis over 40 years.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(g) Property, plant and equipment (cont'd)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10 - 50%
Office Equipment	15 - 35%
Computer Equipment	20 - 33.33%
Leasehold improvements	10 - 22.5%
Buildings	2.5%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 consolidated statement of profit or loss and other comprehensive income.

Capital work in progress

Capital work in progress is recognised at cost and is not subject to depreciation until the asset is ready for use and transferred to plant and equipment.

(h) Intangible assets

Intangible assets under development

Intangible assets under development are capitalised for an internal software development project which will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the software for its intended use. Other software development expenditure is recognised in profit or loss as incurred.

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Intangible assets under development are measured at cost less accumulated impairment losses. Impairment testing is performed annually to ensure the carrying value does not exceed the estimated recoverable amount of the software.

After completion, internally developed software will have a finite life and will be amortised on a systematic basis matched to the future economic benefits over the useful life of software.

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(h) Intangible assets (cont'd)

Intangible assets under development (cont'd)

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between three and seven years. It is assessed annually for impairment.

(i) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost; and
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

Fair value through other comprehensive income

Equity instruments

The Group has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Group has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI).

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

Trade receivables and other contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 *Financial Instruments* which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

(j) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(k) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(k) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

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, except for goodwill.

(l) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Group's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant are detailed in the respective note to the financial statements.

(m) Other assets

Other assets is comprised of accrued income.

Accrued income is recognised for revenue which has been earned by the Group and not yet received. It relates to care services provided which are payable on a monthly basis by the Government, and interest on investments.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Employee benefits

Provision is made for the Group'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Group to employees' nominated superannuation funds and are charged as expenses when incurred.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation 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 in the consolidated statement of financial position are shown inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(r) Leases

At inception of a contract, the Group assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (cont'd)

(r) Leases (cont'd)

Right-of-use asset (cont'd)

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(s) Economic dependence

integratedliving Australia Limited & Controlled Entities is dependent on the Federal and State Government funding. At the date of this report the directors have no reason to believe the Federal and State Government funding will not continue to support integratedliving Australia Limited & Controlled Entities.

(t) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments (cont'd)

Key estimates - fair value of freehold land and buildings

The freehold land and buildings located in Ballarat were independently valued at 30 June 2020 by Adrian Doyle, a Registered Certified Practising Valuer (AAPI No: 62185) of Leader Property Practice. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the demand for land and buildings in the area at the time of the valuation and industry data for similar properties.

Key estimates - intangible assets

Intangible assets are held at cost and amortised as per Note 13.

As at 30 June 2022, the Directors have assessed intangible assets for impairment and are satisfied that intangible assets are not impaired at balance date.

The Directors make an assessment of the useful life of an intangible asset based on the estimated number of years that the Group expects that they will be provided with economic benefits from the asset.

Amortisation rates are detailed in Note 2(h) and no changes have been made to these rates during the financial year.

Key judgment - property plant and equipment useful lives

The Group makes an assessment of the useful life of an asset based on the estimated number of years that the Group expects that they will be provided with economic benefits from the asset. Depreciation rates are detailed in Note 2(g) and no changes have been made to these rates during the financial year.

Key judgment - income tax exemption

The Directors have performed an assessment of the Group's income tax status and have determined that integratedliving Australia Ltd, Riverina Community College and Hunter Integrated Care Incorporated as Public Benevolent Institutions, are exempt from income tax. This assessment is performed annually by the Board of Directors. UNITI Software Pty Limited, which was disposed of in the prior year, was a for-profit entity and therefore was subject to income tax.

Key judgment - employee benefits

For the purpose of measurement, *AASB 119 Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Group expects that most employees will not use all of their long service leave entitlements in the same year in which they were earned or during the 12 month period that follows, the Directors believe that obligations for long service leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

4 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
Revenue from Government and other grants		
- Federal Grants - Recurrent	86,341,642	82,664,466
- State Grants - Recurrent	1,400,770	1,301,460
- Other Grant Revenue	-	5,078
	<u>87,742,412</u>	<u>83,971,004</u>
Other revenue		
- Client fees	3,154,438	2,841,029
- Broker income	829,194	1,087,676
- Rental revenue for property investment	-	2,418
- Dividends received	565,110	453,846
- Riverina Community College funding	311,197	1,691,582
	<u>4,859,939</u>	<u>6,076,551</u>
Total Revenue	<u>92,602,351</u>	<u>90,047,555</u>

Other Income

- Administration and management fees	80,330	8,636
- Donations	-	499
- rental income	39,997	-
- Net gain on disposal of plant and equipment	-	108,652
- Interest income	145,707	76,316
- Other income	3,371,288	3,313,601
	<u>3,637,322</u>	<u>3,507,704</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into geographical regions, Government grant type and revenue recognition method and the following table shows this breakdown:

	2022	2021
	\$	\$
Geographical regions		
- Queensland	16,780,262	15,609,209
- New South Wales	49,280,232	50,622,261
- Victoria	11,207,072	9,389,883
- Tasmania	17,743,712	17,370,265
- Northern Territory	156,036	109,373
- Australian Capital Territory	1,072,359	454,268
	<u>96,239,673</u>	<u>93,555,259</u>

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

4 Revenue and Other Income (cont'd)

Disaggregation of revenue from contracts with customers (cont'd)

	2022	2021
	\$	\$
Revenue by service type		
- Commonwealth Home Support Programme	35,114,161	29,322,869
- Home Care Packages	42,505,867	45,013,024
- Home and Community Care Program	1,503,607	1,399,751
- National Disability Insurance Scheme	3,570,763	5,001,750
- Short Term Restorative Care	6,172,097	4,823,332
- Department of Veteran Affairs	2,556,987	3,804,736
- Adult and Community Education Programs	-	729,407
- Brokered Services	826,927	1,091,631
- National Respite for Carers	21,024	18
- Smart and Skilled	-	501,580
- Corporate Services	3,053,950	845,619
- HICAPS	49,301	44,162
- Other Funded Programs	864,954	206,063
- Other Services	35	771,317
	96,239,673	93,555,259

5 Finance Costs

Finance expenses

Interest expense on lease liability	126,921	140,788
Other finance expenses	32,426	25,966
Total finance costs	159,347	166,754

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Result for the Year

	2022	2021
	\$	\$
Employee expenses		
- Salaries and wages	60,456,341	58,512,741
- Superannuation contributions	5,555,322	5,058,312
- Recruitment costs	511,076	369,278
- Leave pay provision charge	3,571,361	3,108,517
- Workers compensation	2,668,925	2,015,911
- Other short-term costs	282,611	157,284
	73,045,636	69,222,043
Depreciation and amortisation		
- Buildings	61,632	73,758
- Plant and machinery	596,512	448,705
- Leasehold property	193,441	242,823
- Motor vehicles	-	752
- IT equipment	169,214	107,967
- Office equipment	3,767	5,060
- Computer software	685,206	678,608
- Right-of-use assets	1,010,926	1,728,933
	2,720,698	3,286,606
Other expenses		
- Property and occupancy costs	909,866	693,185
- Bad debts	59,263	(24,996)
- Computer expenses	1,815,145	1,912,035
- Telephone and fax	1,331,818	1,237,033
- Repairs and maintenance	538,302	359,359
- Marketing expenses	700,554	615,860
- Health and safety expenses	1,377,497	840,380
- Subscriptions	461,883	169,019
- Other expenses	565,953	558,536
	7,760,281	6,360,411

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

7 Discontinued Operations

On 30 June 2021, the consolidated entity sold the business and assets of UNITI Software Pty Limited, a subsidiary of integratedliving Australia Limited, for consideration of \$450,000 resulting in a gain on disposal before tax of \$439,016. A further consideration of \$300,000 was received for the year ended 30 June 2022 as UNITI Software Pty Limited met the requirement maintaining revenue equal to or greater than \$1,200,000 for the year following the sale (i.e 30 June 2022).

The financial performance and position, net cashflows of the discontinued operations and the details of the divestment is included below.

Financial performance information

	2022	2021
	\$	\$
Sale of goods	-	1,344,766
Other income	-	539,241
Total Revenue	-	1,884,007
Employee benefit expenses	-	(983,178)
Depreciation and amortisation expense	-	(4,372)
Other operating expenses	-	(231,616)
Profit before income tax	-	664,841
Income tax expense	-	(57,422)
Profit after income tax	-	607,419

Carrying amount of assets and liabilities disposed

Property, plant and equipment	-	19,918
Intangibles	-	5,854
Total assets	-	25,772
Provisions	-	14,788
Total liabilities	-	14,788
Net assets	-	10,984

Cash flow information

Net cash outflow from operating activities	-	(231,368)
Net cash inflow from investing activities	-	450,000
Net increase in cash and cash equivalents from discontinued operations	-	218,632

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

8 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash on hand	200	350
Cash at bank	14,460,047	16,290,406
	<u>14,460,247</u>	<u>16,290,756</u>

9 Trade and Other Receivables

CURRENT

Trade receivables	601,598	946,473
Provision for impairment	(75,129)	(32,145)
	<u>526,469</u>	<u>914,328</u>

Medicare receivable	4,040,532	5,146,241
Bonds & security deposits	161,451	94,096
GST receivable	426,495	309,669
Sundry debtors	377,095	383,047
	<u>5,532,042</u>	<u>6,847,381</u>

10 Other Financial Assets

Financial assets at fair value through other comprehensive income

CURRENT

Investment portfolio in listed shares	<u>20,126,220</u>	<u>24,144,644</u>
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Fair value measurement

The Group measures the following financial assets at fair value on a recurring basis:

Opening balance	24,144,644	5,910,426
Additions	6,182,031	19,556,930
Disposals	(7,638,673)	(3,467,960)
Fair value movement	(2,561,782)	2,145,248
	<u>20,126,220</u>	<u>24,144,644</u>

11 Other assets

CURRENT

Prepayments	1,230,720	757,869
Contract asset - accrued income	2,655,760	3,671,155
	<u>3,886,480</u>	<u>4,429,024</u>

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

12 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
Land and buildings held at independent valuation	<u>1,100,000</u>	1,100,000
Buildings		
At valuation	2,510,000	2,510,000
Accumulated depreciation	<u>(142,136)</u>	(73,776)
	<u>2,367,864</u>	2,436,224
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>319,052</u>	1,246,151
Plant and equipment		
At cost	3,045,909	3,326,888
Accumulated depreciation	<u>(2,218,768)</u>	(1,695,336)
	<u>827,141</u>	1,631,552
Motor vehicles		
At cost	101,303	171,732
Accumulated depreciation	<u>(99,480)</u>	(169,909)
	<u>1,823</u>	1,823
Office equipment		
At cost	167,366	261,225
Accumulated depreciation	<u>(151,789)</u>	(228,090)
	<u>15,577</u>	33,135
Computer equipment		
At cost	1,298,730	1,631,329
Accumulated depreciation	<u>(1,043,700)</u>	(1,124,482)
	<u>255,030</u>	506,847
Leasehold Improvements		
At cost	2,191,249	3,615,860
Accumulated depreciation	<u>(1,415,192)</u>	(2,653,128)
	<u>776,057</u>	962,732
Total property, plant and equipment	<u><u>5,662,544</u></u>	<u>7,918,464</u>

(i) As detailed in Note 3, the Group's land and buildings were revalued during the 2020 financial year. The fair value valuation for the land and buildings in Ballarat was performed by independent valuers, Leader Property Practice as at 30 June 2020. The valuation resulted in land and buildings being revalued upwards by \$546,745. In accordance with Australian Accounting Standards AASB 116 Property, Plant and Equipment, this increase in value was recorded in the Asset Revaluation Reserve.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

12 Property, plant and equipment (cont'd)

(a) Movements in Carrying 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:

	Capital Works in Progress	Land and Buildings	Plant and Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022								
Balance at the beginning of year	1,246,151	3,536,224	1,631,552	1,823	33,135	506,847	962,732	7,918,464
Additions	1,135,601	-	-	-	-	-	20,209	1,155,810
Disposals	-	(6,728)	(207,899)	-	(13,791)	(82,603)	(13,443)	(324,464)
Transfers	(2,062,700)	-	-	-	-	-	-	(2,062,700)
Depreciation expense	-	(61,632)	(596,512)	-	(3,767)	(169,214)	(193,441)	(1,024,566)
Balance at the end of the year	319,052	3,467,864	827,141	1,823	15,577	255,030	776,057	5,662,544

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

13 Intangible Assets

	2022	2021
	\$	\$
Computer software		
At cost	6,268,304	4,205,604
Accumulated amortisation and impairment	(3,409,671)	(2,724,465)
	<u>2,858,633</u>	<u>1,481,139</u>

(a) Movements in carrying amounts of intangible assets

	Computer software
	\$
Year ended 30 June 2022	
Balance at the beginning of the year	1,481,139
Additions	2,062,700
Amortisation	(685,206)
Closing value at 30 June 2022	<u>2,858,633</u>

14 Leases

The Group as a lessee

The Group has leases over a range of assets including buildings, vehicles and equipment.

Terms and conditions of leases

The Group has 8 property leases in relation to its operations in New South Wales, Queensland, Tasmania and Victoria. The properties are buildings utilised as offices for operations and average 5 year lease terms.

The Group maintains a fleet of motor vehicles under lease for staff usage. The Group has an average of 151 vehicles which are primarily on 2 year lease terms.

Concessionary leases

The Group has the use of two properties in Tasmania and New South Wales for the provision of community based care and related activities. The Tasmanian property is leased at \$1 per annum and the lease expires in 2027. The New South Wales property has nil rental charge, and has unlimited 10 year options.

The Group has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

14 Leases (cont'd)

Right-of-use assets

	Buildings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Year ended 30 June 2022				
Balance at beginning of year	875,155	771,518	10,589	1,657,262
Depreciation charge	(585,483)	(420,807)	(4,636)	(1,010,926)
Additions to right-of-use assets	1,788,407	-	6,273	1,794,680
Disposals	-	(92,360)	-	(92,360)
Balance at end of year	2,078,079	258,351	12,226	2,348,656

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2022					
Lease liabilities	885,184	1,671,129	92,742	2,649,055	2,279,281

15 Trade and Other Payables

	2022 \$	2021 \$
CURRENT		
Trade payables	2,765,425	3,135,299
Accrued costs	3,774,109	3,551,863
	6,539,534	6,687,162

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

16 Other Liabilities

CURRENT		
Unexpended funds	28,898,218	30,488,850
Funds retained for future services	47,948	57,948
	28,946,166	30,546,798

Notes to the Financial Statements

For the Year Ended 30 June 2022

17 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provision for annual leave	4,321,845	4,855,047
Provision for long service leave	1,544,320	1,724,994
	<u>5,866,165</u>	<u>6,580,041</u>
NON-CURRENT		
Provision for long service leave	<u>1,315,000</u>	1,201,134

18 Provisions

CURRENT		
Make good provision	-	220,259
NON-CURRENT		
Make-good provision	<u>209,378</u>	254,000

19 Reserves

Asset revaluation surplus	<u>2,460,033</u>	2,460,033
FVOCI reserve	<u>(556,100)</u>	2,005,682
Total	<u><u>1,903,933</u></u>	<u>4,465,715</u>

(a) Asset revaluation reserve

The asset revaluation reserve records revaluations of freehold land and buildings and surpluses gained on amalgamation of other entities. Refer to the Statement of Changes in Equity for reconciliation of the movement within the asset revaluation reserve during the financial year.

(b) FVOCI reserve

The FVOCI reserve records movements in the fair value and gain or loss on disposal of financial assets designated as FVOCI.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

20 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, local money market instruments, accounts receivable, accounts payable and lease liabilities. The carrying amounts for each category of financial instrument measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2022	2021
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	14,460,247	16,290,756
Trade and other receivables	5,532,042	6,847,381
Fair value through Other Comprehensive Income (OCI)		
Investments	20,126,220	24,144,644
Total financial assets	40,118,509	47,282,781
Financial liabilities		
Held at amortised cost		
Trade and other payables	6,539,534	6,687,162
Lease liabilities	2,279,281	1,698,613
Total financial liabilities	8,818,815	8,385,775

21 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2022	2021
Parent Entity			
integratedliving Australia Limited	Australia	-	-
Subsidiaries:			
Hunter Integrated Care Incorporated	Australia	100	100
Riverina Community College	Australia	-	100

*The percentage of ownership interest held is equivalent to the percentage of voting rights for all subsidiaries.

Riverina Community College was divested during the current year.

All entities within the Group are endorsed with Deductible Gift Recipient Status under section 30-15 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements For the Year Ended 30 June 2022

22 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment
- Financial assets

Recurring fair value measurement

	2022	2021
	\$	\$
Financial assets		
Financial assets at FVOCI	<u>20,126,220</u>	<u>24,144,644</u>
Non - financial instruments		
Freehold land and buildings	<u>3,467,864</u>	<u>3,536,224</u>

Fair value of the Group's assets is estimated based on appraisals performed by independent, professionally qualified property valuers and quoted prices from active markets. The significant inputs and assumptions are developed on the basis of market-based information, and, to a lesser extent, consultation with Management. Further information is set out below.

Financial assets held at fair value through other comprehensive income (Level 1)

The financial assets held at fair value through other comprehensive income are measured at the quoted prices (unadjusted) in active markets at measurement date. Management obtain quoted prices from an investment portfolio consultant responsible for providing financial asset information as at measurement date. Management adjust for the assets' fair value at balance date and changes in fair value are recognised in the FVOCI reserve. A gain or loss on financial assets at FVOCI shall be recognised in other comprehensive income, except for impairment losses which are recognised in profit or loss. The loss on financial assets at FVOCI recognised in 2022 was \$2,561,782 (2021: \$2,145,248 gain).

Land and buildings held at fair value (Level 3)

Independent valuations for land and buildings were obtained during the financial year ended 30 June 2020 and details of these valuations are outlined at Note 3.

23 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Group is \$1,899,693 (2021: \$1,780,700).

Directors' expenses

The total remuneration and reimbursement of expenses paid to Directors of the Group is \$89,727 (2021: \$62,315).

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

24 Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Key management personnel - refer to Note 23.

For details of subsidiaries see Note 21.

During the year there were no transactions with related parties.

25 Members' Guarantee

The Group is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the Group is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Group. At 30 June 2022 the number of members was 7 (2021: 7).

26 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor PKF, for:		
- auditing or reviewing the financial statements	110,000	135,350
Total	110,000	135,350

27 Contingencies

Contingent Liabilities

The Group had the following contingent liabilities at the end of the reporting period:

At balance date, bank guarantees are supported by bank facilities for which no liability has been recorded in the financial statements. The total bank guarantees at 30 June 2022 were \$226,611 (2021:\$226,611) and relates to property lease commitments for Wharf Road - Suite 302.

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

28 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

29 Parent entity

The following information has been extracted from the books and records of the parent, integratedliving Australia Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, integratedliving Australia Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2022	2021
	\$	\$
Statement of Financial Position		
Assets		
Current assets	43,956,998	50,770,358
Non-current assets	10,557,391	10,560,722
Total Assets	<u>54,514,389</u>	<u>61,331,080</u>
Liabilities		
Current liabilities	42,119,194	44,681,166
Non-current liabilities	3,034,873	2,165,304
Total Liabilities	<u>45,154,067</u>	<u>46,846,470</u>
Equity		
Retained earnings	4,339,423	6,901,929
Reserves	5,020,899	7,582,681
Total Equity	<u>9,360,322</u>	<u>14,484,610</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(2,562,506)	2,559,769
Other comprehensive income	(2,561,782)	2,145,248
Total comprehensive income	<u>(5,124,288)</u>	<u>4,705,017</u>

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Notes to the Financial Statements For the Year Ended 30 June 2022

29 Parent entity (cont'd)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2022 or 30 June 2021.

30 Statutory Information

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

integratedliving Australia Limited
3 Wilkinson Avenue
Muswellbrook NSW 2333

integratedliving Australia Limited & Controlled Entities

ABN: 95 130 530 844

Directors' Declaration

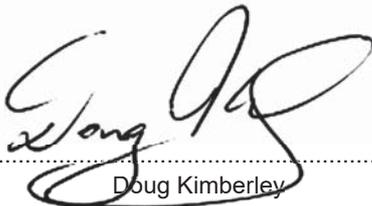
The directors of the Group declare that:

- 1. The financial statements and notes, as set out on pages 9 to 39, are in accordance with the *ACNC Act 2012* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Group.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Group 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.

Director

Justin Marshall

Director

Doug Kimberley

Dated 27 October 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTEGRATEDLIVING AUSTRALIA LIMITED & CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of integratedLiving Australia Limited & Controlled Entities (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 30 June 2022 then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of integratedLiving Australia Limited & Controlled Entities, has been prepared in accordance with *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Simplified Disclosures 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, 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.

Other Information (cont'd)

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

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

Responsibilities of Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes 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, directors are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group'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 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 the 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 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 Group's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

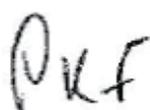
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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 directors 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 directors 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, action taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 60-45(3) (b) of the *Australian Charities and Not-for-profits Commission Act 2012*, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 60-30(3)(b), (c) or (d) of the *Australian Charities and Not-for-profits Commission Act 2012*. Our opinion on the financial report is not modified in respect of these matters because, in our opinion, they have been appropriately addressed by integrated Living Australia Limited & Controlled Entities and are not considered material in the context of the audit of the financial report as a whole.



PKF



KYM REILLY
PARTNER

27 OCTOBER 2022
SYDNEY, NSW