

Financial Reports 2021

Year ended 30 June 2021



**South
Australia**

mealsonwheelssa.org.au

Meals on Wheels SA Incorporated

ABN 76 069 457 196

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General Information

The financial report covers Meals on Wheels (SA) Incorporated as an individual entity. The financial report is present in Australian dollars, which is the functional and presentation currency of Meals on Wheels (SA) Incorporated.

The financial report consists of the financial statements, notes to the financial statements and the Declaration by the Board of the Association.

The financial report was authorised for issue on the 22nd September 2021.

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Meals on Wheels (SA) Incorporated for the year ended 30 June 2021.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
22 September 2021

C.M. J

Corey McGowan
Director

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

		2021	2020
	Notes	\$	\$
Revenue	3	18,194,571	16,857,990
Other Income	4	491,575	592,578
Ingredients & Consumables	5	(5,729,126)	(6,474,185)
Other Operating Expenses	6	(3,329,978)	(2,632,021)
Employee Benefits Expenses	15.1	(6,250,103)	(4,819,035)
Depreciation & Amortisation		(1,484,458)	(979,782)
Central & Branch Office Expenses	7	(1,846,543)	(1,592,331)
Gain/(Loss) on Disposal of Property, Plant & Equipment		(4,546)	590,996
Gain/(Loss) from Remeasuring Financial Assets at Fair Value	9	1,137,986	(231,026)
NET SURPLUS FOR THE YEAR		1,179,378	1,313,184
OTHER COMPREHENSIVE INCOME			
Items That Will not be Reclassified Subsequently to Profit or Loss:			
Gain from Remeasuring Assets at Fair Value	9 & 17	-	8,594
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	8,594
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,179,378	1,321,778

The accompanying notes form part of these financial statements

Statement of Financial Position

At 30 June 2021

		2021	2020
	Notes	\$	\$
CURRENT ASSETS			
Cash & Cash Equivalents	8	3,799,006	6,439,487
Financial Assets	9	51,932	51,442
Trade & Other Receivables	10	816,022	224,223
Inventories		30,902	64,812
Other Assets	11	144,357	151,664
Asset Held for Sale	12	-	1,200,000
TOTAL CURRENT ASSETS		4,842,219	8,131,628
NON CURRENT ASSETS			
Property, Plant & Equipment	13	29,806,013	30,343,982
Financial Assets	9	8,456,970	3,950,475
TOTAL NON CURRENT ASSETS		38,262,983	34,294,457
TOTAL ASSETS		43,105,202	42,426,085
CURRENT LIABILITIES			
Trade & Other Payables	14	659,982	878,717
Provisions	15.2	1,035,274	845,243
Other Liabilities	16	750,283	1,217,028
TOTAL CURRENT LIABILITIES		2,445,539	2,940,988
NON CURRENT LIABILITIES			
Provisions	15.2	75,494	80,306
TOTAL NON CURRENT LIABILITIES		75,494	80,306
TOTAL LIABILITIES		2,521,033	3,021,294
NET ASSETS		40,584,169	39,404,791
EQUITY			
Retained Surplus		37,706,685	35,701,037
Asset Revaluation Reserve	17	2,877,484	3,703,754
TOTAL EQUITY		40,584,169	39,404,791

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2021

	Asset Revaluation Reserve	Financial Asset Reserve	Retained Surplus	Total Equity
			\$	\$
BALANCE AT 1 JULY 2019	4,746,694	331,493	33,004,826	38,083,013
Other Comprehensive Income	-	8,594	-	8,594
Net Surplus for the Year	-	-	1,313,184	1,313,184
Transfer to/(from) Reserves	(1,042,940)	(340,087)	1,383,027	-
BALANCE AT 30 JUNE 2020	3,703,754	-	35,701,037	39,404,791
BALANCE AT 1 JULY 2020	3,703,754	-	35,701,037	39,404,791
Other Comprehensive Income	-	-	-	-
Net Surplus for the Year	-	-	1,179,378	1,179,378
Transfer to/(from) Reserves	(826,270)	-	826,270	-
BALANCE AT 30 JUNE 2021	2,877,484	-	37,706,685	40,584,169

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2021

		2021	2020
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from:			
Customer Contributions		9,046,142	9,076,912
Government		8,022,696	8,575,387
Donations & Other Grants		130,169	365,617
Interest		21,241	194,849
Other Sources		209,433	275,048
		17,429,681	18,487,813
Payments for:			
Meal Production & Distribution Costs		(9,134,407)	(9,657,256)
Employment Costs		(6,049,297)	(4,606,053)
Other Costs		(1,934,933)	(1,567,958)
		(17,118,637)	(15,831,267)
NET CASH FLOWS FROM OPERATING ACTIVITIES		311,044	2,656,546
CASH FLOW USED IN INVESTING ACTIVITIES			
Proceeds from Disposal of Financial Assets		-	4,118,052
Acquisition of Financial Assets		(3,200,000)	(4,118,052)
Proceeds from Disposal of Land & buildings		1,172,799	2,497,142
Proceeds from Disposal of Property, Plant & Equipment		25,624	59,378
Acquisition of Land & Buildings		-	(8,509,241)
Acquisition of Plant & Equipment		(949,458)	(7,481,970)
		(2,951,035)	(13,434,691)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,951,035)	(13,434,691)
NET DECREASE IN CASH & CASH EQUIVALENTS		(2,639,991)	(10,778,145)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		6,490,929	17,269,074
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		8	3,850,938
			6,490,929

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2020

1. ASSOCIATION INFORMATION

Meals on Wheels (SA) Incorporated (Association) is an Association incorporated in South Australia under the Associations Incorporation Act 1985 (SA) and is a registered charity with the Australian Charities and Not-for-Profits Commission.

The Association's primary activities are to provide support to members of the community to live well by providing food services, creating social connections and promoting well-being.

These services are provided through the Association's volunteer workforce which helps strengthen communities.

Impact of COVID-19 on the Association

As a provider of essential services to vulnerable members of the Australian community, the Association is highly impacted by the risks of COVID-19. Mitigation measures have continued to protect customers, volunteers and employees of Meals on Wheels (SA) Incorporated from the risk of infection of COVID-19. Additional staff and shifts were introduced in the Cook-Chill Production Facility to ensure supply to meet increased service demand from older members of the community. Production of contingency stocks of frozen meals to ensure service continuity in case of site quarantine added further costs. Additional paid positions were necessary to support depleted voluntary workforce through escalation and easing of community restrictions while cleaning and sanitising costs also increased.

Government funding of \$3,985,123, received over two financial years, was granted to assist the Association to respond to unforeseen and exceptional circumstances that directly impacted existing service delivery arrangements. These funds were fully spent by 30 June 2021 on providing this service.

The Association is well placed to manage the impact of COVID-19 due to its certainty of Government assistance, strong demand for the Association's service and strong financial position. The Association relies upon its strong volunteer supporter base. In the unexpected event of any severe reductions in volunteer support that might impact on operating costs, the Association has adequate cash reserves and access to Financial Assets available for sale, to alleviate the impact for the reporting period ending 30 June 2022. The Association is also eligible to apply for additional Government funding to meet such costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and the Australian Accounting Standards - Reduced Disclosure Requirements.

The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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, except for the cash flow information and the recognition of revenue. The amounts presented in the financial statements have been rounded to the nearest dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. New or Revised Standards or Interpretations

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted early.

c. Fair Value of Assets & Liabilities

The Association 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 Association 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 value may be made having regard to the characteristics of the specific asset or liability.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the Association at the reporting date.

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 may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar 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.

d. Significant Accounting Judgement, Estimates & Assumptions

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful Lives of Depreciable Assets

The estimates of the useful lives of depreciable assets are reviewed annually based on the expected utility of the assets. The long-term nature of the freehold buildings create an uncertainty over the number of years the Association will have use of these assets for the purposes of calculating the annual depreciation and amortisation.

e. Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f. Income Tax

The Association is exempt from income tax pursuant to the Income Tax Assessment Act 1997.

g. Revenue Recognition

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

Revenue arises from the sale of meals, grants, donations and legacies.

Contributions from Customers

Revenue from the sale of meals is recognised at the point of delivery as this corresponds to when the Association satisfies its performance obligations by transferring control of the assets to the customer.

Federal, State & Other Grants

Government and other grants are recognised as follows:

- a grant that does not impose specific future performance obligations on the Association is recognised as revenue the earlier of when the grant proceeds are received or receivable;
- a grant that imposes specific future performance obligations on the Association is recognised as revenue only when the performance obligations are met; and
- a grant received before the revenue recognition criteria are satisfied, is recognised as a liability.

All grants to which the Association was party to during the current and previous reporting period imposed specific future performance obligations upon the Association, such as under the Commonwealth Home Support Program to provide frail, older people with access to meals and under the South Australian Home and Community Care and Support Program to provide care and support to individuals to promote wellbeing and to build their capacity to live independent and meaningful lives in the community by delivering prepared meals to clients.

The Association recognises liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

Donations & Legacies

Donations and legacies are recognised when received.

Investment Income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

h. Cash & Cash Equivalents

Cash and cash equivalents in the statement of financial position includes cash at bank and on hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value.

i. Inventories

Inventories consists of consumables which are measured at the lower of cost and net realisable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

j. Property, Plant & Equipment

Basis of measurement of carrying amount

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Any property, plant and equipment donated to the Association or acquired for nominal cost is recognised at fair value at the date the Association obtains control of the asset.

Revaluation of Freehold Land & Buildings

Following initial recognition at cost, freehold land and buildings are then carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Board valuations are used if an independent valuation does not take place during an annual reporting period.

Freehold land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve and other comprehensive income, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss, in which case it is credited to the operating surplus shown in that statement. When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Impairment

At each reporting date, the Board reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

Plant, Fixtures and Fittings	2.5% - 20%
Office Equipment	20% - 33%
Motor Vehicles	25%
Freehold Buildings	2.5% - 10%

Leasehold Improvements

Leasehold improvements are amortised over 15 years, where it is the Board's expectation that the associated lease term will be 15 years or greater. Leasehold improvements include refurbishments to buildings being leased by the Association.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. Employee Entitlements

Short-Term Employee Benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Long-Term Employee Benefits

The Association's liability for long service leave is included in other long-term benefits if they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any remeasurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Defined Contribution Plans

The Association provides post-employment benefits through defined contribution plans. The amount charged as an expense in respect of superannuation represents the fixed contributions made or payable by the Association to the superannuation funds of employees. The Association has no legal or constructive obligations to pay contributions in addition to its fixed contributions.

l. Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for impairment of trade receivables which is presented within other expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. Financial Instruments (cont.)

Subsequent Measurement of Financial Assets

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and) are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's term deposits, cash and cash equivalents, as well as trade and most other receivables fall into this category of financial instruments.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at fair value, with adjustments to fair value recorded through Other Comprehensive Income.

This category contains equity investments for which the Association made the irrevocable election to account for the investment at FVOCI.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit and loss.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Derecognition of Financial Assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Association no longer controls the asset (ie has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Association elected to classify under the fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the financial asset revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. Financial Instruments (cont.)

Impairment

The Association recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Association uses the following approaches to impairment, as applicable under AASB 9 - Financial Instruments:

- the general approach; and
- the simplified approach.

General Approach

This approach is applicable to trade receivables.

Under the general approach, at each reporting period, the Association assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Association measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of Expected Credit Losses in Financial Statements

At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

Classification and Measurement of Financial Liabilities

Financial Liabilities

Financial liabilities consist of trade and other payables which are initially measured at fair value, and, where applicable, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

Derecognition of Financial Liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

m. Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

n. Fair Value Measurements

The Association measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Financial assets (excluding cash & term deposits)
- Land & buildings held for resale
- Freehold land
- Freehold buildings

The Association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

o. Provisions, Contingent Liabilities & Contingent Assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

p. Economic Dependency

The Association is dependent on the ongoing receipt of financial assistance from the Commonwealth government to continue to deliver meals to the Australian community. At the time of this report, the Board was aware that a significant contract with the Department of Health is set to expire at the end of the next reporting period on the 30 June 2022. The Board have no reason to believe that the government will discontinue its support of the Association.

3. REVENUE

	2021	2020
	\$	\$
Revenue from government		
Commonwealth		
Dept of Health - Commonwealth Home Support Program	5,981,548	6,084,284
Dept of Health - Home Care Package provider payments	2,098,984	1,230,235
National Disability Insurance Agency - NDIS payments	255,119	82,030
State		
Dept of Human Services - Home & Community Care	226,005	308,298
Local		
Councils	10,000	1,481
	8,571,656	7,706,328
Contributions from Customers for Meals	9,614,515	9,083,162
Other Grants & Sundry receipts	8,400	68,500
	18,194,571	16,857,990

Commonwealth and State funding includes COVID-19 emergency relief funding in 2021 and 2020. Commonwealth funding includes funds to deliver an extended range of services to support wellness, independence and social engagement. The Association delivers services as a contractor to organisations that receive Home Care Package or National Disability Insurance funds and is not directly funded by the Commonwealth for this service.

4. OTHER INCOME

	2021	2020
	\$	\$
Donations & Legacies	121,769	297,117
Interest Received	21,015	100,335
Dividends Received	168,509	62,846
ATO Cash Flow Boost	-	100,000
Sundry Income	180,282	32,280
	491,575	592,578

Sundry Income in 2021 includes an amount of \$117,438 in recovered Salaries & Wages from the Australian Meals on Wheels Association Inc

5. INGREDIENTS & CONSUMABLES

	2021	2020
	\$	\$
Ingredients & Consumables	5,729,126	6,474,185
	5,729,126	6,474,185

Ingredients & Consumable costs reduced by 11.5% in the 2021 financial year even though volume increased as the Association was no longer reliant on external suppliers for frozen meals.

6. OTHER OPERATING EXPENSES

	2021	2020
	\$	\$
Cleaning Costs	804,841	468,934
Electricity & Gas	620,513	610,195
Repairs & Maintenance	570,693	412,652
Transport Reimbursement	534,511	541,586
Utensils & Equipment	312,393	190,227
Insurance	131,353	106,732
Sundry Operating Costs	118,143	52,526
Rates & Taxes	76,069	94,798
Motor Vehicles	75,462	104,338
Food Safety Certification	38,970	24,561
Bad Debts	29,412	6,250
Delivery to Branches	17,618	19,222
	3,329,978	2,632,021

Cleaning costs increased due to additional contractors and cleaning products to minimise the risk of COVID-19 and meet Food Safety obligations associated with Cook-Chill Production. Repairs & Maintenance costs included expenditure on face masks and additional post-commissioning costs for the Hilton property. Utensils & equipment increased due to the purchase of items for the Cook-Chill Production Kitchen and items required for safe working at home during COVID-19 restrictions.

7. CENTRAL & BRANCH OFFICE EXPENSES

	2021	2020
	\$	\$
Marketing & Public Relations	362,949	193,096
Computer Costs	353,944	219,412
Consultants	326,632	315,475
Printing & Stationery	173,288	155,770
Telephone	149,729	153,147
Projects	95,366	152,058
Branch Services	68,320	69,693
Non-Meal Related Branch Costs	63,160	40,503
Other Office Expenses	62,031	41,330
Subscriptions	55,064	39,928
Postage & Freight	54,950	42,315
Training Expenses	25,955	24,968
Auditors Remuneration	25,873	25,431
Travelling Expenses	18,760	41,144
Other Administration Expenditure	10,522	78,061
	1,846,543	1,592,331

Marketing & Public Relations costs in 2021 included a campaign to improve perceptions of food that resulted in a 15% increase in meal sales for the period. Computer Costs in 2021 include project costs to evaluate, select and commence implementation of a new Enterprise Resource Planning System, new development costs for the Well, Independent and Socially Engaged (WISE) program, licensing fees for the branch document management system, and increased security and monitoring costs.

8. CASH & CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash on Hand and at Bank	1,881,326	2,305,121
Deposits at Call	1,917,680	4,134,366
	3,799,006	6,439,487
Reconciliation of Cash and Cash Equivalents for the Statement of Cash Flows:		
Cash on Hand and at Bank	1,881,326	2,305,121
Deposits at Call	1,917,680	4,134,366
Term Deposits - Maturing not Later than One Year	51,932	51,442
	3,850,938	6,490,929

9. FINANCIAL ASSETS

	2021	2020
Current at Cost	\$	\$
Term Deposits - Maturing not Later than One Year	51,932	51,442
	51,932	51,442

Term deposits are made for varying original maturity periods of between three months and twelve months, depending on the Association's cash requirements. These deposits earn interest at market rates.

	2021	2020
Non Current at Fair Value	\$	\$
Fair Value Through Other Comprehensive Income (FVOCI)		
Opening Balance	-	4,109,458
Disposals	-	(4,118,052)
Revaluation Increment	-	8,594
	-	-
Fair Value Through Profit or Loss (FVTPL)		
Opening Balance	3,950,475	-
Additions	3,200,000	4,118,052
Investment Income Reinvested	168,509	63,449
Revaluation Increment/(Decrement)	1,137,986	(231,026)
	8,456,970	3,950,475

In 2020 Financial Assets of \$4,118,052 were redeemed from the Lanyon Australian Value Fund (FVOCI) and deposited into an Ord Minnett Investment Portfolio (FVTPL) following a Board review of the Association's investment strategy and the selection of an external Investment Advisor. An additional \$3,200,000 was invested in 2021 following sale of property and monitoring of necessary cash holdings in accordance with the Association's investment strategy.

10. TRADE & OTHER RECEIVABLES

	2021	2020
	\$	\$
Trade Receivables	362,220	202,994
Accrued Income	411,076	-
Franking Credits Receivable	42,677	20,954
Interest Receivable	49	275
	816,022	224,223

11. OTHER ASSETS

	2021	2020
	\$	\$
Prepayments	107,180	151,664
Sundry Assets	37,177	-
	144,357	151,664

12. ASSETS HELD FOR SALE

	2021	2020
	\$	\$
Land & Buildings At Valuation	-	1,200,000
	-	1,200,000

The Kent Town property was under contract at the 2020 reporting date.

13. PROPERTY, PLANT & EQUIPMENT

Land & Buildings	2021	2020
Freehold Land & Buildings	\$	\$
Freehold Land at Valuation	9,759,239	9,759,239
Freehold Buildings at Valuation	12,676,894	12,203,142
Accumulated Depreciation	(449,005)	(109,386)
	21,987,127	21,852,995
Leasehold Improvements		
At Cost	5,976,119	5,813,946
Accumulated Amortisation	(5,293,914)	(5,057,170)
	682,205	756,776
Plant Fixtures & Fittings		
At Cost	11,510,123	11,392,436
Accumulated Depreciation	(4,726,890)	(4,039,026)
	6,783,233	7,353,410
Office Equipment		
At Cost	1,082,297	928,466
Accumulated Depreciation	(819,655)	(647,288)
	262,642	281,178
Motor Vehicles		
At Cost	480,908	441,862
Accumulated Depreciation	(390,103)	(342,239)
	90,805	99,623
Total Property, Plant & Equipment	29,806,013	30,343,982

Reconciliation of movements in the carrying amounts of property, plant & equipment:	2021	2020
	\$	\$
Opening Balance	30,343,982	18,498,681
Additions	949,458	15,991,211
Disposals	(2,969)	(1,966,128)
Depreciation & Amortisation	(1,484,458)	(979,782)
Reclassified as Asset Held for Sale	-	(1,200,000)
Closing Balance	29,806,013	30,343,982

13. PROPERTY, PLANT & EQUIPMENT**Capital Work in Progress**

Capital work in progress balance carried forward from 30 June 2019 was for building works on the co-located cook-chill production facility and corporate office located at Sir Donald Bradman Drive, Hilton.

Revaluation of Land and Buildings

Freehold Land and Buildings were revalued by the Board on 30 June 2019 on the basis of valuations provided by the Valuer-General on the valuation records from Land Services SA as at 1 January 2019, with the exception of the property at Sir Donald Bradman Drive, Hilton which was valued at the purchase price for the land and the cost of construction for building which was completed on the 17 April 2020.

Based on the Board review at the reporting date, the Board has determined that the valuations provided by the Valuer-General as at 1 January 2019 and the cost price for the development on Sir Donald Bradman Drive, Hilton are appropriate at the reporting date of 30 June 2021 and that there will not be a significant impact from using these valuations.

Movement in the carrying amounts for each class of non-current assets between the beginning and the end of the financial year:

	Freehold Buildings	Freehold Land	Leasehold Improvements	Capital WIP
	\$	\$	\$	\$
Carrying Amount at 1 July 2019	1,488,000	12,609,239	1,036,444	2,280,901
Additions	8,509,241	-	-	-
Disposals	-	(1,700,000)	-	-
Depreciation & Amortisation	(134,386)	-	(279,668)	-
Reclassified as Asset Held for Sale	(50,000)	(1,150,000)	-	-
Transfer Upon Completion of WIP	2,280,901	-	-	(2,280,901)
Carrying Amount at 30 June 2020	12,093,756	9,759,239	756,776	-
Carrying Amount at 1 July 2020	12,093,756	9,759,239	756,776	-
Additions	-	-	162,173	-
Depreciation & Amortisation	(339,619)	-	(236,744)	-
Reclassified from PFF	473,752	-	-	-
Carrying Amount at 30 June 2021	12,227,889	9,759,239	682,205	-

	Plant, Fixtures & Fittings	Office Equipment	Motor Vehicles
	\$	\$	\$
Carrying Amount at 1 July 2019	816,501	152,821	114,775
Additions	7,131,788	279,884	70,298
Disposals	(232,891)	(4,029)	(29,208)
Depreciation	(361,988)	(147,498)	(56,242)
Carrying Amount at 30 June 2020	7,353,410	281,178	99,623
Carrying Amount at 1 July 2020	7,353,410	281,178	99,623
Additions	594,408	153,831	39,046
Disposals	(2,969)	-	-
Depreciation	(687,864)	(172,367)	(47,864)
Reclassified to Freehold Buildings	(473,752)	-	-
Carrying Amount at 30 June 2021	6,783,233	262,642	90,805

14. TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade Creditors	504,008	691,313
Sundry Creditors & Accruals	75,880	27,199
GST Payable	9,146	104,842
Superannuation Payable	56,302	40,715
Audit Fees Payable	14,646	14,648
	659,982	878,717

No collateral has been pledged for any of the accounts payable and other payable balances.

15. EMPLOYEE REMUNERATION**15.1. EMPLOYEE BENEFITS EXPENSE**

Expenses recognised for employee benefits are analysed as follows:	2021	2020
	\$	\$
Salaries	5,126,600	3,926,133
Workers Compensation Insurance	173,095	96,929
Superannuation Contributions	492,403	381,471
Employee Benefit Provisions	458,005	414,502
	6,250,103	4,819,035

Increased salaries and associated expenses in 2021 arise from continued investment in practical support to branches, full operation of a larger cook-chill facility with increased production volumes, and new positions to deliver expanded wellness, independence and social engagement services, all of which were fully funded by increased grant funding. In addition, the requirement to meet COVID-19 related surge demand and business continuity resulted in additional penalty costs, which were also met by government emergency relief funding.

15.2. PROVISIONS

Provisions include the following liabilities recognised for employee benefits:	2021	2020
Current	\$	\$
Annual Leave	477,219	376,279
Long Service Leave	558,055	468,964
	1,035,274	845,243
Non Current		
Long Service Leave	75,494	80,306
	75,494	80,306

16. OTHER LIABILITIES

	2021	2020
	\$	\$
Unearned Grant Funds	750,283	1,217,028
	750,283	1,217,028

Grant funds received in advance for performance obligations not completed as at 30 June 2021 were held as a liability as at 30 June 2021, in accordance with note 2 (g). Unearned grant funds were held at 30 June 2021 for the target number of meal and wellness, independence and social engagement services which were not met in 2020/2021 under the Commonwealth Home Support Program Activity Work Plan. Unearned grant funds as at 30 June 2020 relate to the Federal Government granted Adhoc COVID funding of \$1,217,028 to provide for COVID-19 related expenses to deliver the Commonwealth Home Support Program from 30 June 2020 to 30 June 2021.

17. RESERVES

Financial Assets Reserve	2021	2020
	\$	\$
Opening Balance	-	331,493
Increment on Revaluation of Investments		8,594
Transfer to Retained Surplus		(340,087)
Closing Balance	-	-

The financial assets reserve discloses the change in fair value relating to Financial Assets held at Fair Value through Other Comprehensive Income. Fair values have been determined as the redemption price at the end of the reporting period.

Asset Revaluation Reserve	2021	2020
	\$	\$
Opening Balance	3,703,754	4,746,694
Transfer to Retained Surplus	(826,270)	(1,042,940)
Closing Balance	2,877,484	3,703,754

The Asset Revaluation Reserve relates to freehold land and buildings.

18. LEASES

The Association is a lessee to a number of peppercorn leases that gives the Association use of sites to operate their kitchens at no or nominal charge. The Association has applied the optional exemption from the requirement to recognise at fair value the right-of-use asset arising from these leases and accordingly the fair value dollar equivalent for these lease arrangements is not reported in the statement of financial position. The Association is not reliant on these arrangements for its continued operations.

Lease Terms	No. of Leases	Lease Payments
		\$
0 - 10 years	19	214
10 - 20 years	7	262

19. RELATED PARTIES & RELATED PARTY TRANSACTIONS

Board Members' Compensation

Board Members are reimbursed for expenses incurred in relation to their duties. No other compensation is paid to Board Members.

Transactions with Board Member-related entities

The Association uses the Investment Adviser services of a company of which one Board member is a minor shareholder and employee. The Board member has insignificant influence over the company. The amounts billed were based on normal market rates and amounted to Adviser and Brokerage fees of \$31,326 (2020: \$16,977). There were no outstanding balances at the reporting date.

Key Management Personnel

The key management personnel of the Association are its Chief Executive Officer and the 4 FTE members of the Leadership Group.

The total remuneration paid to key management personnel of the Association is \$937,963 (2020: \$879,523). Except for the remuneration paid to key management personnel, there were no other transactions or outstanding balances relating to key management personnel during 2021 or 2020. The Board refers to non-profit industry salary benchmarks in setting the remuneration of the CEO and Leadership Group.

20. CONTINGENT LIABILITIES

There are no contingent liabilities known to the Association for the 2021 or 2020 reporting periods.

21. CAPITAL COMMITMENTS

At the reporting date, the Association did not commit any funds towards assets expected to be received on a future date.

22. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Board Reports

Report of the Board

The Board reports that:

1. During the financial year ended 30 June 2021, no officer of the Association, firm of which the officer is a member, or body corporate in which the officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association; and
2. During the year ended 30 June 2021, no officer of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary value, except for remuneration as an employee of the Association.

Declaration by the Board of the Association

In the opinion of the Board:

1. the attached financial statements and notes thereto comply with the Australian Accounting Standards - Reduced Disclosure Requirements;
2. the attached financial statements and notes thereto give a true and fair view of the Association's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
3. the attached financial statements and notes thereto comply with the Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commission Regulation 2013 and other mandatory professional reporting requirements; and
4. there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board made pursuant to section 60.15 (2) of the Australian Charities and Not-for-profits Commission Regulation 2013.



William E Coomans

President



KEVIN REID

Vice President - Finance

22nd September 2021

Dated

Independent Auditor's Report

To the Members of Meals on Wheels (SA) Incorporated

Opinion

We have audited the financial report of Meals on Wheels (SA) Incorporated ("the Entity") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Entity is 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 Entity's financial position as at 30 June 2021 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to members of the Board, would be in the same terms if given as at the time of this auditor's report.

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

Responsibilities of Management and members of the Board for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines 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, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The members of the Board are responsible for overseeing the Entity'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

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are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
22 September 2021

A handwritten signature in black ink that reads 'C.M. J'.

Corey McGowan
Director

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Meals on Wheels would like to acknowledge and thank the organisations and individuals who have kindly offered donations, bequests and support during the year.

We would also like to thank our volunteers for their generosity of spirit and wonderful efforts in delivering more than just a meal.

Meals on Wheels (SA) Inc.

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September 2021