Muscular Dystrophy Queensland
We're stronger together

Audited Financial Report 2020

Directors Report

The Directors of the Company (Muscular Dystrophy Queensland Ltd, Muscular Dystrophy Queensland or MDQ) present their report for the period 1 January to 31 December 2020. This report is to be read in conjunction with Muscular Dystrophy Queensland's Financial Statements and Annual Review for the same period.

Because of the COVID-19 pandemic, which affected the operations of Muscular Dystrophy Queensland from February 2020 to year end, strategies and objectives were revised from 'managed growth' to 'sustainability and program maintenance.' Muscular Dystrophy Queensland aimed to adapt to meet the challenges of an unpredictable and risk laden year.

1. Strategic Objectives

These are outlined in the Muscular Dystrophy Queensland Ltd Strategic Plan 2018 – 2022 and are as follows:

Long-term objectives

I. Provide relevant, specialised information and services which result in positive impact
II. Raise awareness of all aspects of muscular dystrophy and similar conditions in the Australian community
III. Form positive partnerships, collaborations and alliances
IV. Build a secure and sustainable future for Muscular Dystrophy Queensland
V. Promote a culture of agility, deep expertise and innovation

Strategies 2020

I. Culture of continual review and improvement
II. Focus on process improvement and documentation
III. Managed growth
IV. Person centred, holistic services to clients and family members

Short term objectives

In early March 2020, objectives were added in response to of the COVID–19 pandemic as follows:

I. Develop COVID adapted organisational plan and budget
II. Review and update risk management in client and business activities
III. Strict and immediate compliance with COVID–19 regulations
IV. Focus on client and staff safety throughout the pandemic
V. Minimise COVID-19 effect on income and manage expenditure in the COVID environment
VI. Participate in appropriate government assistance packages including but not limited to JobKeeper
VII. Build organisational adaptability as COVID conditions change and in response to clusters

General organisational objectives

I. I. To adopt a managed growth approach to client service provision within the NDIS framework
II. II.Achieve ongoing NDIS registration through MDQ's first Quality and Safeguarding audit (NDIS Commission) and register the new services of Specialist Support Coordination and Early Childhood Early Intervention (ECEI)
III. III. Continue to build process efficiency throughout the organisation
IV. IV. Strengthen partnership with Muscular Dystrophy Foundation Australia (MDFA) for a national advocacy voice and completion of the development of the national neuromuscular resource, The Loop
V. V.Under the auspices of MDFA, monitor issues related to the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability and respond if and when appropriate

Services objectives

I. Within MDQ's capacity, support community members through the isolation and mental health challenges caused by the pandemic
II. Allied health services: Continue to provide specialist, high quality, safe, face-to-face services when COVID circumstances allow
III. Restructure Plan Management services (PMP) to improve quality, efficiency and income growth
IV. Support Coordination (SC)
    a. Manage adaptable online and face-to-face services during COVID – 19
    b. HR restructure to achieve higher quality of service provision
V. Re-define MQD's charitable services to ensure return on investment for our donors

Fundraising

I. Innovate and adapt fundraising services to operate as successfully as possible within the restraints of the COVID–19 restrictions

  a. Appeals: Implement a crisis appeal and continue the appeals program
  b. Art Union: Implement restructured art union according to plan
  c. Events: Adapt events where possible and maintain strong relationships with third party event organisers
  d. Grants, Trusts and Foundations: Seek funding to facilitate implementation of strategic and operational goals

2. Principal Activities

Muscular Dystrophy Queensland (MDQ) is a state-wide peak body, providing whole-of-life services and systemic advocacy for Queenslanders living with muscular dystrophy and similar conditions and their families.

During 2020, client activities were principally delivered in Queensland's south east with some growth in outreach services to nominated regional locations. The following services generate income, mainly under the NDIS Framework.

I. *Allied health services*:

  a. Physiotherapy, occupational therapy, allied health assistance and social work/counselling
  b. NDIS Early Childhood Early Intervention (ECEI)

II. *Support coordination* and *specialist support coordination*
III. *Plan management* provision.

MDQ also provides a suite of charitable services for our clients and families. Charitable services are funded by donors and supporters and include:

I. *Helpline* providing information and support
II. *Extended Care*, services for MQD clients which are dedicated to managing unmet need
III. *Life after*, a counselling and referral program for family members experiencing a major life change
IV. *Breathe Well* (loans of cough assist machines) and Rest Well (loans of hi-li beds)
V. *NDIS Access*, supporting people to access the NDIS, prepare for their NDIS planning meetings and assistance in using NDIS processes for appeal of decisions.

Fundraising portfolio includes

I. Quarterly appeals and Art Union
II. Events hosted by third party supporters
III. Grants, Trusts and Foundations applications for programs

Muscular Dystrophy Foundation Australia: MDQ and other state-based organisations are members of a national entity called Muscular Dystrophy Foundation Australia (MDFA). In 2020, we completed a national project, The Loop neuromuscular resource: www.theloopcommunity.org.

3. Key Performance Measures

The company measures its performance through both quantitative and qualitative benchmarks, used by Directors, CEO and senior staff to assess the success and sustainability of Muscular Dystrophy Queensland.

Quantitative

I. 5% increase in client numbers and growth in client numbers in each portfolio.
II. Productivity of allied health and support coordination staff, measured in % billable hours (65%).
III. Financial performance measured through attainment of budget and financial targets.
IV. Percent staff turnover.

Qualitative

I. Client satisfaction measured through annual client survey and analysis of accolades and complaints
II. Level of engagement between MDQ's allied health team and the health and hospital sector
III. Achievement of Quality and Safeguarding audit (NDIS Commission)
IV. Outreach locations receive regular consultative physiotherapy services
V. Restructured Art Union makes a small surplus

4. Review of operations

During the year, MDQ continued to engage in its principal activities, which were significantly limited by COVID restrictions and reduced capacity for home visits. As expected, clients cocooned in their homes and charitable programs experienced increased demand. Donor responses changed because of their financial uncertainty and from March, all events were cancelled with sustained negative impact on fundraising income.

Muscular Dystrophy Queensland benefited from receipt of JobKeeper in the following ways:

- The company was able to retain its equity for future sustainability
- All staff were retained with contracted hours. In times of lower productivity, they were able to complete projects which had been of lower priority in previous times and/or to address increased demand for charitable services

Financial results are included in the financial statement. Because of the pandemic, Finance and Risk committee meetings - previously scheduled quarterly - were initially held fortnightly and later in the year, were held monthly..

Performance against KPIs

There were HR restructures in support coordination, plan management and the Art Union, resulting in higher service quality and productivity, higher income, increased efficiency and reduced expenses. As a result, staff turnover was 17% and there was one redundancy. Two new positions were created - to meet the objective to grow regional services and staffing for a Qld Health funded COVID related program.

A client survey was circulated mid-year. Overall client satisfaction continues to rise (83% in 2017: 93.8% in 2020). Satisfaction with MDQ's user pays services has also improved with 100% of respondents rating each program between satisfactory and very good.

In 2019, Muscular Dystrophy Queensland implemented a comprehensive IT strategy which enabled MDQ to pack up the office at very short notice and for most staff to remain productive in home based offices throughout COVID–19.

In Client services, there was negligible percentage growth in the client cohort despite 55 new client entrants. There were 18 exits, of which, unfortunately, 10 were deaths. At end of 2020, MDQ had 594 clients throughout the state. Number of service users in every client service portfolio grew as a result of clients accessing more than one service e.g. physiotherapy had a 49% increase and occupational therapy, a 30% increase. Support Coordination and Plan Management clientele also increased slightly. 164 clients accessed MDQ's charitable services which was a 12% increase over 2019. The billable hours percentage KPI was challenged by the COVID–19 pandemic (especially in allied health which must be delivered face-to-face), by staff turnover and staff performance issues. Shortfalls within our control were corrected in part by performance management and some staff turnover. Restructured qualifications in the Support Coordination team, resulted in an almost immediate rise in productivity.

MDQ introduced a local physiotherapy service at the Sunshine Coast and a consultancy physiotherapy service to Cairns. The Get Connected program, funded by Qld Health, has enabled MDQ to call each client to check on their mental health and isolation during COVID, to provide some case management, and to refer to MDQ social worker for counselling when needed.

Fundraising

There continues to be a persistent decrease in donor and supporter numbers. The trend is a result of changing donor patterns in Australia and an acute loss of donors as a result of MDQ's inability to host events and raise awareness of the work we do.

Across the board, MDQ experienced a significant reduction in income explained by the restrictions and economic factors associated with the COVID–19 pandemic. We predict that this downturn will take several years to recover.

Late in March, MDQ launched a crisis appeal with income of $36,450. Although scheduled events were cancelled, some supporters hosted alternate programs resulting in some income. Our Art Union benefited from a decrease in expenses as a result of a downsizing of the program and is achieving almost the same income as the previous larger product.

Summary

MDQ's significant COVID challenges were similar to those of all Australian companies, with JobKeeper transforming what would have been a seriously affected financial position, to a position hich enabled MDQ to retain staff and operate with confidence in its financial sustainability during the pandemic.

Client welfare was prioritised by staff with an increase in charitable services. There was a negligible increase in client numbers however clients used MDQ for an increased number of services.

Support coordination and plan management products were able to transfer to online provision and fared better than allied health although the latter was able to continue in some form because of MDQ's COVID Safe plan and strict infection control procedures. Fundraising income was severely affected, principally because of the cancellation of all events.

During 2020, the diversity of income generating products mitigated the COVID related financial challenges and for the first time, client services income surpassed fundraising income which was more significantly affected by the pandemic.

5. Director Attendance at Meetings

From March 2020, most meetings were held via online conferencing software, Zoom.

Director	Position Title	Board Meeting attended	Board Meeting eligible to attend	Risk & Finance attended	Risk & Finance eligible to attend
Mr. Victor Attwood	Chair	8	8	6	6
Mr. Anthony Biggar	Director	7	8	0	0
Dr. Natasha Taylor	Director	7	8	0	0
Dr. Cullen O'Gorman	Director	7	8	0	0
Mr. Robert McDowell	Director	7	8	0	0
Mr. Gavin Ruddell	Director (Finance)	7	7	6	6

6. Directors' Details

The following persons were Directors of Muscular Dystrophy Queensland during 2020. All Directorships are provided in an honorary capacity.

Mr. Victor Attwood

Chairperson: Nov 2017 to Present**. Director:** Nov 2017 - Present. (Director under prior structure - Muscular Dystrophy Assoc. of Qld Inc.: 2016 - 2017.)

Special Responsibilities: Finance & Risk Committee: 2018 - Present. Nominated Muscular Dystrophy Foundation Australia Ltd Director: 2017 to current.

Skills & Experience: Victor brings extensive management, leadership and governance experience. Victor had a long career in local government, serving as Deputy Mayor of Ipswich City Council and as a senior member of several not-for-profit boards. Victor and his son live with Charcot Marie Tooth, a neuromuscular condition.

Mr. Anthony Biggar LLB

Director: Nov 2017 - Present. (Director under prior structure - Muscular Dystrophy Assoc. of Qld Inc.: 2016 - 2017.)

Special Responsibilities: Nil

Skills & Experience: Tony is the founding Legal Practitioner of Big Law Pty Ltd Solicitors and has also practiced in rural locations in Queensland. He is a member of the Property Law and Practice Committee of the Queensland Society and the Honorary Solicitor for several community organisations in Monto, Qld.

Dr. Natasha Taylor BVetSc (Hons) BVetBiol (Hons)

Director: Nov 2017 - Present.

Special Responsibilities: Nil

Skills & Experience: Natasha is a veterinary surgeon, business owner and runs two successful veterinary practices in Brisbane. Natasha has lived experience of a neuromuscular condition, with an adult son who has Duchenne MD.

Dr. Cullen O'Gorman BSc (Hons) MBBS PhD FRACP AFRACMA

Director: Nov 2017 - Present.

Special Responsibilities: Nil

Skills & Experience: Cullen is a specialist Neurologist, Clinical Neurophysiologist and is the Head of Neurology at Brisbane's Mater hospital. He also consults at the Princess Alexandra hospital and is in private practice. Cullen completed his undergraduate studies in the UK and Australia and postgraduate fellowships at the Mayo Clinic, Rochester, USA.

Mr. Robert McDowell B.Pharm

Director: Sept 2019 - Present.

Special Responsibilities: Nil

Skills & Experience: Bob is a retired pharmacist and was a pharmacy owner for over 30 years. He is a member of the Pharmacy Guild of Australia and has served on the Qld branch committee for 12 years, including holding the positions of Vice President Finance and member of the Local Advisory Committee of Pharmaceutical Defence Ltd (PLD). Bob lives with Fascio Scapular Humeral muscular dystrophy (FSHD).

Mr. Gavin Ruddell B.Com CA RCA

Director: March 2020 - Present.

Special Responsibilities: Chair, Finance & Risk Committee: March 20 - Present.

Skills & Experience: Gavin is a Chartered Accountant, Registered Company Auditor and a Director of Nexia Brisbane Audit with almost two decades of experience in public practice and commercial finance roles. As well as his financial skills set, he brings to the board considerable expertise in corporate governance and risk management.

The Directors' Report is signed in accordance with a resolution of the Directors.

Victor Attwood, Chair
21 April 2021

Gavin Ruddell, Director
21 April 2021

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Financial Statements

For the Year Ended 31 December 2020

Muscular Dystrophy Queensland Ltd

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For the Year Ended 31 December 2020

Muscular Dystrophy Queensland Ltd

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Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Directors of Muscular Dystrophy Queensland Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Phillip Miller
Director
Vincents Assurance & Risk Advisory

28 April 2021

Brisbane

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 $	2019 $
Income			
Fundraising revenue	2	**724,104**	1,233,299
Client services revenue	2	**1,770,926**	839,110
Operating revenue	2	**12,266**	11,415
		2,507,296	2,083,824
Expenses			
Fundraising expenses		**564,594**	734,832
Client services expenses		**1,266,205**	998,278
Capital expenses		**16,966**	35,697
Operating expenses		**403,451**	407,777
	3	**2,251,216**	2,176,584
Surplus/(deficit)		**256,080**	(92,760)

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Financial Position

As At 31 December 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**1,176,090**	908,003
Trade and other receivables	5	**30,861**	56,171
Inventories	6	**19,779**	8,060
TOTAL CURRENT ASSETS		**1,226,730**	972,234
NON-CURRENT ASSETS			
Property, plant and equipment	7	**87,683**	74,313
Other receivables	5	**11,424**	11,374
Right-of-use assets	8	**190,177**	193,688
TOTAL NON-CURRENT ASSETS		**289,284**	279,375
TOTAL ASSETS		**1,516,014**	1,251,609
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**81,663**	173,503
Other financial liabilities	10	**164,180**	99,929
Lease liabilities	8	**102,161**	68,882
Employee benefits	12	**104,010**	91,822
TOTAL CURRENT LIABILITIES		**452,014**	434,136
NON-CURRENT LIABILITIES			
Employee benefits	12	**27,516**	1,984
Lease liabilities	8	**88,381**	123,466
Long-term provisions	11	**4,893**	4,893
TOTAL NON-CURRENT LIABILITIES		**120,790**	130,343
TOTAL LIABILITIES		**572,804**	564,479
NET ASSETS		**943,210**	687,130
MEMBERS' FUNDS			
Retained earnings		**943,210**	687,130
TOTAL MEMBERS' FUNDS		**943,210**	687,130

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Changes in Equity

For the Year Ended 31 December 2020

	Retained Surplus $	Total $
Balance at January 1, 2020	687,130	**687,130**
Surplus during the period attributable to members	256,080	**256,080**
Balance at 31 December 2020	943,210	**943,210**

	Retained Surplus $	Total $
Balance at 1 January 2019	779,890	779,890
Deficit during the year attributable to members	(92,760)	(92,760)
Balance at 31 December 2019	687,130	687,130

Muscular Dystrophy Queensland Ltd

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Statement of Cash Flows

For the Year Ended 31 December 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from grants and customers		**2,579,984**	1,948,432
Other receipts		**-**	5,585
Payments to suppliers and employees		**(2,174,445)**	(2,013,545)
Interest received		**6,681**	11,032
Interest paid		**(10,678)**	(4,142)
Net cash provided by/(used in) operating activities	14	**401,542**	(52,638)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for the acquisition of plant and equipment		**(34,685)**	(35,871)
Proceeds from disposal of investments		**-**	10,126
Net cash provided by/(used in) investing activities		**(34,685)**	(25,745)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of finance lease liability (principle)		**(98,770)**	(26,093)
Net cash provided by/(used in) financing activities		**(98,770)**	(26,093)
Net increase/(decrease) in cash and cash equivalents held		**268,087**	(104,476)
Cash and cash equivalents at beginning of year		**908,003**	1,012,479
Cash and cash equivalents at end of financial year	4	**1,176,090**	908,003

The accompanying notes form part of these financial statements.

Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012. The Company is a not-for-profit Company for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

1. Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under *Division 50 of the Income Tax Assessment Act 1997*. Accordingly, no provision for income tax has been made in these financial statements.

(b) Property, plant and equipment

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Furniture, Fixtures and Fittings	5-6 years
Motor Vehicles	5-6 years
Computer Equipment	3-7 years
Medical Equipment	4-5 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. Profits and losses on disposal of property, plant and equipment are taken into account in determining the surplus for the year.

1. Summary of Significant Accounting Policies

(c) Intangible assets

Software

Software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value, as at the date of acquisition. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

(d) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company 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

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument’s category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the ‘finance income’ or ‘finance costs’ line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporates other types of contractual monetary assets.

1. Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

The Company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the profit or loss over the relevant period.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(e) Employee benefits

Provision is made for the Company'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 expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

1. Summary of Significant Accounting Policies

(f) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Leases

The Company as a Lessee

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

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

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

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 Company'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 Company'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.

1. Summary of Significant Accounting Policies

(h) Revenue and other income

Revenue recognition

Grants, Donations, Bequests and Contributions

When the Company receives operating grant revenue, donations, bequests or contributions, it assesses whether there is a contract, the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant, donation, bequest or contribution;

- recognises a contract liability, if applicable, for its obligations under the agreement; and

- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;

- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Art Unions

Revenue primarily comprises funds raised from sales of lottery tickets. Revenue is recognised at a point in time once the risk and rewards have been transferred to the customer which is when the sale of a ticket in the lottery occurs.

1. Summary of Significant Accounting Policies

(h) Revenue and other income

Fees from services

Revenue is recognised in accordance with the specific performance obligations of respective contracts with customers. Typically, the customer consumes and receives the benefit of the service as it is provided, therefore revenue is recognised over time as the services are provided.

Interest Income

Interest income is recognised using the effective interest method.

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

(i) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from clients as well as amounts received from donors. Receivables expected to be collected within 12 months from the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(j) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period that remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) 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).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) Inventories

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

1. Summary of Significant Accounting Policies

(m) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

Useful lives of property, plant and equipment

As described in Note 1(b), the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Company will make. The Company determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Company. The Company has not included the options to extend the leases in the calculation of its right-to-use assets and lease liabilities.

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 service. The Company expects most employees will take their annual leave entitlements within 12 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

1. Summary of Significant Accounting Policies

(o) New and Amended Accounting Policies for Application in Future Periods

There are a number of new and amended Australian Accounting Standards applicable to the Company in future financial years. The Directors have made an assessment of the impact of these new or amended standards and determined that the impact on the Company's financial statements in future financial years will not be material.

(p) Correction of prior period error

Initial application of AASB 16: Leases

During the year the Company identified that it had incorrectly accounted for its leased assets in the prior year upon initial application of AASB 16: Leases. The effect of the error on the prior year financial report was to overstate the right-of-use asset by $48,144 on the Statement of Financial Position and a corresponding understatement of rent expense in the Statement of Profit or Loss and Other Comprehensive income which resulted in increasing the prior year total deficit and a subsequent reduction in retained earnings.

Misclassification of Operating expenditures in the Statement of Cash Flows

Furthermore, the Company identified there was a misclassification of operating expenditure in the Statement of Cash Flows. The net effect of this correction was to reduce the total outflows attributable to cash flows from Investing and Financing activities by $72,425 and increase the total cash outflows from Operating activities by an equal amount.

The Company has during the year, rectified both errors in accordance with AASB 108: Accounting Policies Changes in Estimates & Errors by retrospective adjustment to the opening balances.

Notes to the Financial Statements
For the Year Ended 31 December 2020

2. Revenue and Other Income

	2020	2019
	$	$
Fundraising revenue		
- Donations	**380,177**	419,821
- Bequests	**83,255**	135,000
- Art Unions	**171,145**	170,880
- Events	**44,572**	429,727
- Charitable grants and contributions	**44,955**	77,871
Total fundraising revenue	**724,104**	1,233,299
Client service revenue		
- Government funding	**688,982**	116,681
- Fees from services	**1,081,798**	722,429
- Other income	**146**	-
Total client service revenue	**1,770,926**	839,110
Operating revenue		
- Earnings on investments	**6,568**	11,032
- Membership	**500**	140
- Revenue from other sources	**5,198**	243
Total operating revenue	**12,266**	11,415
Total Revenue	**2,507,296**	2,083,824

3. Expenditure

Employment expenses	**1,751,702**	1,484,816
Depreciation - Plant and equipment	**21,315**	41,899
Depreciation - Right-of-use asset	**100,475**	24,753
Insurance	**11,465**	12,099
Contributions to medical research	**-**	109,948
Other expenses		
- Relating to the provision of client services	**40,189**	45,389
- Relating to fundraising and event activities	**132,489**	258,698
- Relating to operating activities	**191,193**	198,982
- Relating to capital expenditures	**2,388**	-
Total Other expenses	**366,259**	503,069
Total expenditure	**2,251,216**	2,176,584

4. Cash and Cash Equivalents

Cash at bank and in hand	**220,653**	382,178
Short-term bank deposits	**955,437**	525,825
	1,176,090	908,003

Notes to the Financial Statements

For the Year Ended 31 December 2020

5. Trade and Other Receivables

	2020	2019
	$	$
CURRENT		
Trade receivables	**14,398**	45,550
Prepayments	**16,152**	10,621
Deposits	**311**	-
	30,861	56,171
NON-CURRENT		
Deposits	**11,424**	11,374

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

6. Inventories

	2020	2019
	$	$
CURRENT		
At cost:		
Stock	**19,779**	8,060

Write downs of inventories to net realisable value during the year were NIL (2019: NIL).

7. Property, plant and equipment

	2020 $	2019 $
PLANT AND EQUIPMENT		
Equipment		
At cost	**70,107**	48,388
Accumulated depreciation	**(40,954)**	(25,473)
Total plant and equipment	**29,153**	22,915
Motor vehicles		
At cost	**55,590**	36,215
Accumulated depreciation	**(16,305)**	(9,448)
Total motor vehicles	**39,285**	26,767
Computer equipment and Software		
At cost	**98,727**	96,393
Accumulated depreciation	**(79,482)**	(71,762)
Total computer software	**19,245**	24,631
	87,683	74,313

8. Right-of-use Assets

Company as a lessee

The Company has leases over equipment and buildings.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Company has two leases at its principal place of business, both leases are for an initial term of 3 years expiring in September 2022 and January 2023. One of the lease has an option to extend for a 3 year period, the Company has not included the extension option in determining the value of its right of use assets as it is not certain that it will invoke the option. Each lease is subject to a CPI review at each anniversary date.

The equipment lease is for a fixed 5 year term, it does not contain an option to extend or any annual review terms.

8. Right-of-use Assets

Right-of-use assets

	Buildings	Equipment	Total
	$	$	$
Year ended 31 December 2020			
Opening balance at 1 January 2020	**202,687**	**15,754**	**218,441**
Additions to ROU assets	**97,202**	**-**	**97,202**
Accumulated depreciation charge	**(119,526)**	**(5,940)**	**(125,466)**
Balance at end of year	**180,363**	**9,814**	**190,177**

			Total
	$	$	$
Year ended 31 December 2019			
Change due to adoption of AASB 16	202,687	15,754	218,441
Accumulated depreciation charge	(21,912)	(2,841)	(24,753)
Balance at end of year	180,775	12,913	193,688

Lease liabilities

Lease liabilities included in the Statement of Financial Position:

	2020	2019
	$	$
CURRENT		
Lease liabilities	**102,161**	68,882
NON-CURRENT		
Lease liabilities	**88,381**	123,466
	190,542	192,348

8. Right-of-use Assets

Extension options

The building leases contain extension options which allow the Company to extend the lease term by up to three years.

The Company includes options in the leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses whether it is reasonably certain that the extension options will be exercised.

	2020	2019
	$	$
Interest expense on lease	**10,678**	4,142
Depreciation of right-of-use assets	**100,475**	24,753
	111,153	28,895

Statement of Cash Flows

	2020	2019
	$	$
Total cash outflow for leases	**108,565**	30,235

9. Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**38,384**	143,542
GST and PAYG payable	**33,897**	4,825
Accruals	**-**	9,968
Art union prize	**9,382**	15,168
	81,663	173,503

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.

10. Other Liabilities

	2020	2019
	$	$
CURRENT		
Client government funding	**44,312**	75,745
Client appeal funds	**22,621**	22,621
Unspent grant funds	**97,247**	1,563
	164,180	99,929

Notes to the Financial Statements

For the Year Ended 31 December 2020

11. Provisions

	2020 $	2019 $
NON-CURRENT		
Make good provision	**4,893**	4,893

12. Employee Benefits

	2020 $	2019 $
CURRENT		
Provision for annual leave	**71,704**	54,040
Provision for long service leave	**32,306**	37,782
	104,010	91,822
NON-CURRENT		
Provision for long service leave	**27,516**	1,984

13. Contingencies

In the opinion of the Board of Directors, the Company is not aware of any contingencies at 31 December 2020 (31 December 2019:None).

14. Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2020 $	2019 $
Surplus/(deficit) for the period	**256,080**	(92,760)
Non-cash flows in surplus/(deficit):		
- depreciation	**21,315**	41,899
- bad debts expense	**-**	820
- revaluation of property, plant and equipment	**-**	(25,105)
- Depreciation - Leased assets	**100,475**	24,753
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**31,152**	(24,024)
- (increase)/decrease in prepayments	**(5,531)**	-
- (increase)/decrease in inventories	**(11,719)**	3,557
- (increase)/decrease in deposits	**(361)**	-
- increase/(decrease) in income in advance	**64,251**	(65,477)
- increase/(decrease) in trade and other payables	**(91,840)**	85,584
- increase/(decrease) in provisions	**-**	4,893
- increase/(decrease) in employee benefits	**37,720**	(6,778)
Cashflows from operations	**401,542**	(52,638)

15. Events Occurring 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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

16. Auditors' Remuneration

	2020	2019
	$	$
- Audit fees	**10,800**	9,555

17. Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 10 each towards meeting any outstandings and obligations of the Company. At 31 December 2020 the number of members was 35 (2019: 35).

18. Company Details

The registered office of the company is:

Muscular Dystrophy Queensland Ltd.
1149 Sandgate Road
Nundah QLD 4012

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Directors' Declaration

In accordance with a resolution of the Directors of Muscular Dystrophy Queensland Ltd, the directors of the registered entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 1 to 20, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:

a. Comply with Australian Accounting Standards applicable to the Registered Entity to the extent described in Note 1; and

b. Give a true and fair view of the financial position of the Registered Entity as at 31 December 2020 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the Registered Entity will be able to pay all of its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Mr Victor Attwood
Chairperson
Date: 28 April 2021

Mr Gavin Ruddell
Director
Date: 28 April 2021

Independent Audit Report to the members of Muscular Dystrophy Queensland Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Muscular Dystrophy Queensland Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Muscular Dystrophy Queensland Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year ended; and

(ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for the Company to maintain an effective system of internal control over donations, fundraising activities and other cash transactions until their initial entry in accounting records. Accordingly, our audit in relation to these types of income was limited to amounts recorded.

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 Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Responsible Entities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company'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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 responsible entities 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.

Vincents Assurance & Risk Advisory
Phillip Miller
Partner

Brisbane, 28 April 2021

Muscular Dystrophy Queensland
We're stronger together

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Published April 2021