

Directors' Report and
Audited Financial Report

2021



We're stronger **together**

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 2021. This report is to be read in conjunction with Muscular Dystrophy Queensland's Financial Statements and Annual Review for the same period.

Objectives were set within the context of:

- the second year of dealing with the COVID pandemic
- managing a business in the complex context of the National Disability Insurance Scheme (NDIS)
- thin markets for human resources, particularly in allied health, created by the rapid expansion of the NDIS market

1. Strategic Objectives

As outlined in Muscular Dystrophy Queensland's strategic plan 2018-2022 and subsequent 2022-2025 plan, strategic objectives include:

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

Objectives for 2021

- I. Complete Strategic Plan – 2022 – 2025
- II. Continual service development through managed growth and broader service reach
- III. Increased accuracy of financial reporting per business unit
- IV. Development of a new marketing and communications team
- V. Completion of a new website: www.mdqld.org.au
- VI. Sourcing and implementing a new fundraising CRM

2. Principal Activities

Muscular Dystrophy Queensland is a state-wide organisation which operates two distinct activities as follows:

- I. Services for members of the Queensland neuromuscular community
- II. Fundraising to support Muscular Dystrophy Queensland's support for and services to our community

The environment is complex for a relatively small organisation as the company must be adept at services for all of life's stages, and work under multiple national and state models as follows:

- I. National Disability Insurance Scheme
- II. National Aged Care
- III. Queensland Health
- IV. Private medical insurance model

In 2021, Muscular Dystrophy Queensland was awarded Specialist Disability Services in Schools (SDSS) funding which means that Education Queensland will be added as a stakeholder.

During 2021, client activities were principally delivered in Queensland's south east. A planned expansion of services to nominated regional destinations was affected by COVID lockdowns. Regional destinations receiving services included the Gold Coast, Sunshine Coast, Toowoomba, Gympie, and Cairns.

Community services include:

- I. Infoline & Information Resources: Individualised support for Infoline callers; information resources via Muscular Dystrophy Queensland's website, social media and a periodical for community members
- II. NDIS Access & Assistance: Supporting community members to access lifetime funding through an NDIS Plan
- III. Get Connected: COVID related information and welfare checks, funded by Queensland Health on a non-recurrent basis.
- IV. Equipment Loans: Short term loans of Cough Assist devices to help manage acute respiratory infections, long term loans and maintenance of hilo adjustable electric beds and short term loans of mobility aids - focused on bridging gaps when equipment is needed but not funded elsewhere.
- V. Extended Care: A general program for community members in need, which addresses immediate challenges &/or crises before working towards a long-term, alternate solution.
- VI. Outreach: Staff travel and accommodation to deliver services outside the south east corner for community members residing in regional cities.

- VII. Advocacy: On behalf of individual clients and to address systemic issues.
- VIII. Allied health services
 - a. Physiotherapy
 - b. Occupational therapy
 - c. Allied health assistance
- IX. NDIS Intermediary Services
 - a. Support coordination and specialist support coordination
 - b. Plan Management

Fundraising portfolio includes:

- I. Quarterly appeals
- II. Quarterly lotteries
- III. Fundraising events presented in partnership with key stakeholders
- IV. Grants, trusts and foundations applications to fund programs

3. Key Performance Measures

The company measures its performance through 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 2% growth in client numbers in each portfolio
- II. Donor numbers maintained
- III. One new outreach destination in 2021
- IV. Productivity of allied health and support coordination staff, measured in % billable hours (65%)
- V. Financial performance in each program monitored and measured through attainment of budget and financial targets

Qualitative

- I. Client satisfaction measured through annual client survey and analysis of accolades and complaints
- II. Assessment of staff satisfaction through annual surveys and analysis of performance development reviews
- III. Staff turnover
- IV. Strategic Plan 2022 – 2025 developed according to timeline
- V. Restructured Chart of Accounts
- VI. Website completed in scope by end 2021
- VII. Fundraising database installed by end 2nd quarter 2021

4. Review of operations

For a second year, Muscular Dystrophy Queensland's activities were significantly impacted by the COVID pandemic and achievement of Key Performance Indicators was challenging. Our clients were careful about exposure to the virus so demand for services was reduced. Allied health staff were, at times, unable to provide face-to-face services which impacted income. Intermediary service provision was less affected as 100% online provision was efficiently instituted.

Keeping our community safe

To minimise the risk of COVID transmission for community members and staff, the COVID Infection control committee was proactive in assessing risk as conditions deteriorated towards lockdowns, monitored changing government rules and advice, and frequently reviewed and adapted the Muscular Dystrophy Queensland COVID Safe Plan. Flexible work conditions, especially work from home, mitigated the risk for all concerned.

Team leaders monitored the mental health of staff, made regular use of online communication systems for business and social contact, and Muscular Dystrophy Queensland offered the EAP program and mental health first aid workshops.

Client Services

The NDIA did not increase the prices of allied health, support coordination or Plan Management in the July 2021 Price Guide, requiring the company to absorb significant rises in expenditure. Of course, this had a significant financial impact.

The expansions of the NDIS market has resulted in shortages of staff generally, but specifically in allied health. This impacted Muscular Dystrophy Queensland, especially in Occupational Therapy. Staff costs have risen as a result and there have been significant gaps in staffing.

Service provided at no cost to community members, under a charitable framework expanded to meet the increasing demand for this support and services.

Fundraising

Fundraising income is used to maintain and grow Muscular Dystrophy Queensland's charitable programs. Fundraising income grew in 2021 despite a declining donor database and fewer donations and other charitable contributions being received. The success of all fundraising tactics was impacted by COVID related complications and the troubled introduction of a new donor database.

Only one significant event was cancelled, and other fundraising events were transferred online with some success. The Ray White Ball, hosted by Andrew and Greg Bell, was successfully held in September. It was a strong year for bequest income.

Other Operations

A new position of marketing manager was created mid-year with the incumbent developing a new website. In the fourth quarter, a Marketing and Fundraising committee of the board was established.

As planned, Muscular Dystrophy Queensland developed a new Strategic Plan 2022 – 2025.

The audited financial statement forms part of this report. The Finance and Risk committee of the board met five times in 2021 to oversee the company's financial performance in this most challenging year.

Performance against KPIs

Quantitative

Given the challenges of COVID, there was a reasonable performance against quantitative KPIs

- I. 3.5% increase in the client cohort compared with a goal of 5%.
- II. 0% increase in Support Coordination numbers due to a NDIA ruling which withdrew SC funding for several clients and 21.4% increase in client numbers in Plan Management.
- III. Allied health: 157 people received physiotherapy and 108 received occupational therapy services. It was not possible to offer occupational therapy in the fourth quarter
- IV. 170 people received significant support through Muscular Dystrophy Queensland's charitable programs, including support through the Infoline and free, long term loans of equipment which transformed quality of life of individuals
- V. Number of donors and fundraising supporters decreased by 8% and the number of donations given decreased by 13%.
- VI. In 2021, a regular physiotherapy service was commenced to Toowoomba. The Cairns outreach service was impacted by COVID lockdowns (50% trips cancelled).
- VII. The Support Coordination team achieved their billable hours KPI. Because of the face-to-face nature of their work, the allied health team fell slightly short of achieving their KPI for billable hours, however continued to provide services under the most difficult circumstances
- VIII. Financial performance reporting is included in the audited financial statement.

Qualitative

- IX. Client satisfaction was 93% overall and there were significantly fewer complaints than in 2020. All complaints were handled on time and were resolved in house
- X. Staff satisfaction was high
- XI. Staff turnover was 18%
- XII. Strategic Plan 2022 – 2025 was developed according to timeline
- XIII. Restructured chart of accounts and business unit cost centres were drafted, ready for implementation in the new year
- XIV. The website completed in scope and on time
- XV. The fundraising database was installed by end 2nd quarter 2021

Summary

Muscular Dystrophy Queensland's greatest challenges in 2021 have been the continuance of the COVID pandemic and operating within the complex and changeable environment of the National Disability Insurance Scheme (NDIS).

The company is a niche provider, dedicated to the neuromuscular community who form a very small percentage of the general market, are scattered throughout Queensland, and expect and need the more expensive, home-based style of service provision, not recognised in the fixed price environment of the NDIS.

Because of the higher risks associated with our community contracting COVID, there was continued reluctance from our community members to engage in services. During lockdowns, major programs, such as hydrotherapy and group programs were cancelled. Thin human resource markets, especially in allied health, significantly affected continuity of services.

Muscular Dystrophy Queensland benefited from the generosity of our supporters which, considering the challenges, enabled the company to achieve a relatively reasonable result. Our thanks go especially to Andrew and Greg Bell who hosted the successful Ray White Ball under the most challenging circumstances and to all of our donors and supporters. Bequest income was relatively high and Muscular Dystrophy Queensland continues to remember those who have made gifts to our organisation in their Wills.

5. Director Attendance at Meetings

During 2021, the majority of meetings were hosted online and Directors were able to attend meetings virtually.

Director	Position Title	Directors Meetings		Risk & Finance Committee Meetings		Fundraising & Marketing Committee Meetings	
		Attended	Eligible	Attended	Eligible	Attended	Eligible
Mr. Victor Attwood	Chair	9	9	6	6	-	-
Mr. Anthony Biggar	Director	9	9	-	-	-	-
Dr. Natasha Taylor	Director	9	9	-	-	-	-
Dr. Cullen O’Gorman	Director	9	9	-	-	-	-
Mr. Robert McDowell	Director	7	9	4	5	-	-
Mr. Gavin Ruddell	Finance Director	8	9	6	6	-	-
Mr. Tristram Peters	Director	7	8	-	-	1	1

6. Directors’ Details

The following persons were Directors of Muscular Dystrophy Queensland during 2021. 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, Queensland.

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

Director: Nov 2017 - Present.

Special Responsibilities: Nil

Dr Natasha Taylor 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 muscular dystrophy.

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 was a member of the Pharmacy Guild of Australia, serving 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 Facioscapulohumeral muscular dystrophy (FSHD).

Mr. Gavin Ruddell B.Com CA RCA

Director: March 2020 - Present.

Special Responsibilities: Chair, Finance & Risk Committee: 2020 - 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.

Mr. Tristram Peters BA/BJ MWEP

Director: March 2021 – Present

Special Responsibilities: Chair, Marketing and Fundraising committee: 2021 – Present

Skills & Experience: Tristram Peters is the Head of Community Engagement at Clickability, a disability service directory that helps match NDIS participants with providers. He’s also the co-host of the Grow Bold with Disability podcast, exploring with his guests the funny, taboo, and uncomfortable side of living with disability.

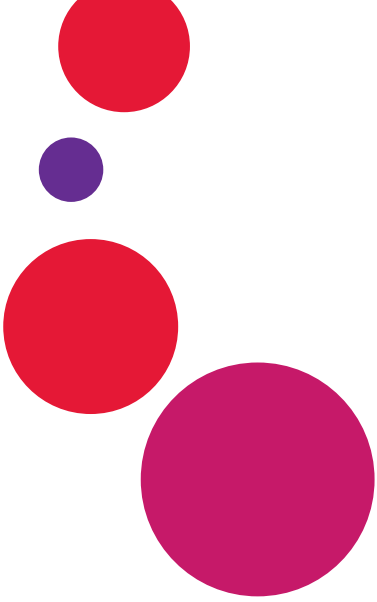
The Directors’ Report is signed in accordance with a resolution of the Directors.



Victor Attwood, Chair
29 April 2022

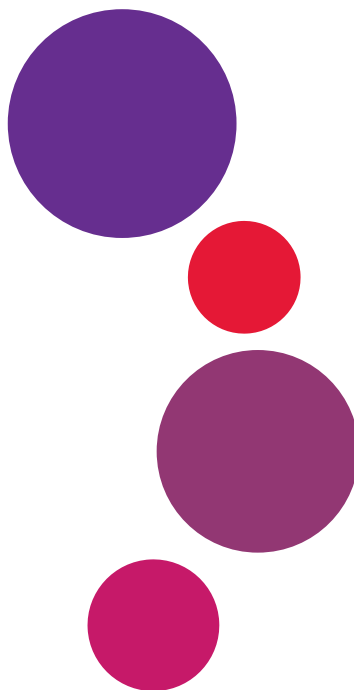


Natasha Taylor, Director
29 April 2022



Financial Statements

For the Year Ended 31 December 2021



Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Contents

For the Year Ended 31 December 2021

	Page
Financial Statements	
Auditor's Independence Declaration	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Directors' Declaration	18
Independent Audit Report	19

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Auditor's Independence Declaration under Section 60-40 of the Australian 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 2021, 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.

A handwritten signature in black ink, appearing to read "Phillip Miller".

Phillip Miller
Director
Vincent's Assurance & Risk Advisory

29 April 2022

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 2021

	Note	2021 \$	2020 \$
Revenue	2	2,385,149	2,507,296
Fundraising expenses		(483,762)	(564,594)
Client services expenses		(1,370,524)	(1,266,205)
Capital expenses		(40,328)	(16,966)
Operating expense		(519,820)	(403,451)
	3	(2,414,434)	(2,251,216)
Current year surplus /(deficit) before income tax		(29,285)	256,080
Income tax expense		-	-
Net current year surplus/(deficit) attributable to members		(29,285)	256,080
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		(29,285)	256,080

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 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,204,656	1,176,090
Account receivable and other debtors	5	6,381	14,398
Inventories	6	23,828	19,779
Other current assets	7	15,602	16,463
TOTAL CURRENT ASSETS		1,250,467	1,226,730
NON-CURRENT ASSETS			
Other non-current assets	7	11,424	11,424
Plant and equipment	8	129,659	87,683
Right-of-use assets	9	102,284	190,177
TOTAL NON-CURRENT ASSETS		243,367	289,284
TOTAL ASSETS		1,493,834	1,516,014
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	210,737	81,663
Lease liabilities	9	87,061	102,161
Employee and other provisions	12	135,382	104,010
Other liabilities	11	104,460	164,180
TOTAL CURRENT LIABILITIES		537,640	452,014
NON-CURRENT LIABILITIES			
Lease liabilities	9	13,836	88,381
Employee and other provisions	12	28,433	32,409
TOTAL NON-CURRENT LIABILITIES		42,269	120,790
TOTAL LIABILITIES		579,909	572,804
NET ASSETS		913,925	943,210
MEMBERS' FUNDS			
Retained surplus		913,925	943,210
TOTAL MEMBERS' FUNDS		913,925	943,210

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 2021

	Retained Surplus	Total
	\$	\$
Balance as at 1 January 2021	943,210	943,210
Deficit for the year attributable to members	(29,285)	(29,285)
Other comprehensive income for the year	-	-
Balance as at 31 December 2021	913,925	913,925

	Retained Surplus	Total
	\$	\$
Balance as at 1 January 2020	687,130	687,130
Surplus for the year attributable to members	256,080	256,080
Other comprehensive income for the year	-	-
Balance as at 31 December 2020	943,210	943,210

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants and customers	2,288,599	2,579,984
Payments to suppliers and employees	(2,083,249)	(2,174,445)
Interest received	2,532	6,681
Interest paid on lease	(8,285)	(10,678)
Net cash provided by operating activities	199,597	401,542
	14	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for the acquisition of plant and equipment	(68,055)	(34,685)
Net cash used in investing activities	(68,055)	(34,685)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of finance lease liability principal	(102,976)	(98,770)
Net cash used in financing activities	(102,976)	(98,770)
Net increase in cash and cash equivalents held	28,566	268,087
Cash and cash equivalents at beginning of year	1,176,090	908,003
Cash and cash equivalents at end of year	1,204,656	1,176,090
	4	

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Summary of Significant Accounting Policies

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.

(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) Plant and equipment

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

Depreciation

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:

Classes	Useful life
Equipment	
- Medical equipment	4–5 years
- Furniture, fixtures & fitting	5–6 years
Motor vehicles	5–6 years
Computer equipment	3–7 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 plant and equipment are taken into account in determining the deficit for the year.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements For the Year Ended 31 December 2021

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

The Company's financial assets are classified as 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.

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 receivables fall into this category of financial instruments. 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.

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.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Summary of Significant Accounting Policies

(d) Financial instruments (continued)

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.

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. Changes in the measurement of the liability are recognised in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise 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.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Summary of Significant Accounting Policies

(g) Leases

At inception of a contract, the Company (as a lessee) 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.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

(h) Revenue recognition

Grants, Donations, Bequests and Contributions

Where grant, donations, bequests and contribution income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when control of each performance obligation is satisfied. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control.

Revenue is recognised by applying a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue

Generally, the timing of the rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability (e.g. unspent grants). Revenue is then recognised as and when it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company either recognises the asset received in accordance with the recognition requirements of other applicable accounting standards or recognises income immediately in profit or loss.

Art Unions

Revenue primarily comprises of funds raised from the sale of lottery tickets. Revenue is recognised when the Company gains control, economic benefits are probable, and the amount of the contribution can be measured reliably.

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) 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).

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. Receivables and payables are stated inclusive of GST.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

(j) Inventories

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

(k) 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 plant and equipment

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

Key judgements

Performance obligations under AASB 15 Revenue from Contracts with Customers

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 Leases

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 likelihood 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.

(l) Comparative figures

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

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

(m) 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.

(n) COVID -19

This pandemic has created an unprecedented economic uncertainty and it is difficult to understand, predict and accurately forecast the results and cash flows for the next 12 months.

The Company's financial performance is largely dependent on the level of fundraising activities and service provided to our customers, and both revenue streams are susceptible to the pandemic and related COVID-19 related restrictions.

While the Company recorded a net deficit for the year, it has a reasonably healthy balance sheet position and generated positive cash flow for the year. On this basis, these financial statements have been presented on a going concern basis.

The Company will continue to monitor the effects of the pandemic on the Company operations, including fundraising and client service delivery programs and take actions, as appropriate, to manage the financial and other impacts.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Revenue and Other Income

	2021	2020
	\$	\$
Fundraising revenue		
- Donations	378,243	380,177
- Bequests	202,320	83,255
- Art unions	156,721	171,145
- Events	238,837	44,572
- Charitable grants and contributions	78,849	44,955
Total fundraising revenue	1,054,970	724,104
Client service revenue		
- Government funding	227,172	688,982
- Fees from services	1,099,463	1,081,798
- Other income	-	146
Total client service revenue	1,326,635	1,770,926
Operating revenue		
- Earnings on investments	2,532	6,568
- Membership	1,012	500
- Revenue from other sources	-	5,198
Total operating revenue	3,544	12,266
Total revenue	2,385,149	2,507,296

	2021	2020
	\$	\$
3. Surplus/(deficit) for the year		
The surplus/(deficit) for the year has been determined after the following specific items:		
(a) Remuneration of the auditor:		
Auditing the financial report	11,300	10,800
(b) Total employee benefits expenses is comprised of:		
Salaries and wages	1,808,379	1,607,460
Superannuation	55,287	144,242
	1,863,666	1,751,702
(c) Finance costs is comprised of:		
Interest expense on lease liabilities	8,285	10,678
(d) Depreciation and amortisation expense is comprised of:		
Depreciation of plant and equipment	26,052	21,315
Depreciation of right-of-use assets	101,252	100,475
	127,304	121,790

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

	2021	2020
	\$	\$
4. Cash and Cash Equivalents		
Cash at bank and in hand	249,656	220,653
Short-term bank deposits	955,000	955,437
	<u>1,204,656</u>	<u>1,176,090</u>
5. Account receivable and other debtors		
Current		
Trade receivables	<u>6,381</u>	14,398
<p>The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.</p> <p>The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements, net of expected credit losses.</p>		
6. Inventories		
Current		
Merchandise on hand at cost	<u>23,828</u>	19,779
7. Other assets		
Current		
Prepayments and deposits	<u>15,602</u>	16,463
Non-current		
Deposits	<u>11,424</u>	11,424
8. Plant and equipment		
Equipment		
At cost	74,278	70,107
Accumulated depreciation	(47,567)	(40,954)
Total equipment	<u>26,711</u>	29,153
Motor vehicles		
At cost	79,910	55,590
Accumulated depreciation	(26,943)	(16,305)
Total motor vehicles	<u>52,967</u>	39,285
Computer equipment and software		
At cost	137,222	98,727
Accumulated depreciation	(87,241)	(79,482)
Total computer equipment and software	<u>49,981</u>	19,245
	<u>129,659</u>	<u>87,683</u>

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

9. Right-of-use Assets

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 leases 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 Company has two equipment leases for a fixed 5-year term, the do not contain options to extend or any annual review terms.

	Buildings	Equipment	Total
	\$	\$	\$
Carrying value at 1 January 2021	180,363	9,814	190,177
Additions	–	13,359	13,359
Depreciation charge	(97,262)	(3,990)	(101,252)
Carrying value at 31 December 2021	83,101	19,183	102,284

	Buildings	Equipment	Total
	\$	\$	\$
Carrying value at 1 January 2020	180,537	12,913	193,450
Additions	97,202	–	97,202
Depreciation charge	(97,376)	(3,099)	(100,475)
Carrying value at 31 December 2020	180,363	9,814	190,177

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

9. Right-of-use assets (continued)

	2021	2020
	\$	\$
Lease liabilities included in the Statement of Financial Position as follows:		
Current	87,061	102,161
Non-current	13,836	88,381
	<u>100,897</u>	<u>190,542</u>

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.

	2021	2020
	\$	\$
Interest expense on leases reported in the Statement of profit or loss	8,285	10,678
Total cash outflows for leases as reported in the Statement of cash flows:	107,067	108,565

10. Trade and Other Payables

	2021	2020
	\$	\$
Trade and other payables	<u>210,737</u>	81,663

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.

11. Other Liabilities

	2021	2020
	\$	\$
Unearned revenue	<u>104,460</u>	164,180

12. Employee and other provisions

	2021	2020
	\$	\$
a) Current		
Provision for annual leave	96,254	71,704
Provision for long service leave	33,600	32,306
Make good provision	5,528	-
	<u>135,382</u>	<u>104,010</u>

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements

For the Year Ended 31 December 2021

	2021	2020
12. Employee and other provisions (continued).	\$	\$
b) Non-current		
Provision for long service leave	27,344	27,516
Make good provision	1,089	4,893
	28,433	32,409

13. Contingencies

In the opinion of the Board of Directors, the Company is not aware of any contingencies as at 31 December 2021 (31 December 2020: nil).

14. Cash Flow Information

The following is a reconciliation of result for the year to cash flows from operating activities:

	2021	2020
	\$	\$
(Deficit)/surplus for the year	(29,285)	256,080
Non-cash flows in (deficit)/surplus for the year:		
- depreciation - plant and equipment	26,052	21,315
- depreciation - right-of-use assets	101,252	100,475
Changes in assets and liabilities:		
- (increase)/decrease in accounts receivables and other debtors	8,016	31,152
- (increase)/decrease in other current assets	861	(5,892)
- (increase)/decrease in inventories	(4,049)	(11,719)
- increase/(decrease) in other liabilities	(59,720)	64,251
- increase/(decrease) in trade and other payables	129,074	(91,840)
- increase/(decrease) in employee and other provisions	27,396	37,720
Cash flows from operating activities	199,597	401,542

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. 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 outstanding and obligations of the Company. At 31 December 2021 the number of members was 35 (2020: 35).

17. Company Details

The registered office and principal place 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 2 to 18, 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 2021 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: 29 April 2022



Ms Natasha Taylor
Director
Date: 29 April 2022

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 2021, 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 2021 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 entity's responsibility also includes such internal control as the responsible entity 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 entity 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.



Vincent's Assurance & Risk Advisory
Phillip Miller
Partner

Brisbane, 29 April 2022



Muscular
Dystrophy
Queensland

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