



mits
Melbourne Indigenous
Transition School



ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022



MITs Alum
Leah (Year 9) and Ciara
(Year 9) at the opening
of MITs's new Senior
Boarding House at
364 Church Street in
March 2022

2022 HIGHLIGHTS

Average Year 7 maths ability growth

Steady from
2021

2.2 year levels

Year 7 program completion rate

Up from 86%
in 2021

91%

Parents who feel their children remain connected
to culture, community and family while at MITs

First time asked
in 2022

100%

Year 7 students and alumni students
living with MITs

Up from
46 of 2021

63

Year 7 students and alumni students
attending school in Melbourne

Up from
80 in 2021

82

Year 7 students
celebrating AFLW
Indigenous Round at
Richmond Football
Club with Wurundjeri
Elder Aunty Joy
Wandin Murphy



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Directors' Report

The Directors submit their report for the year ended 31 December 2022

Directors

The names of the Directors of the Melbourne Indigenous Transition School in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated:

Elizabeth Tudor AM (Chairperson), Rick Tudor OAM, Margaret Webb AM, Edward Tudor (Chief Executive Officer), Katrina Penfold, David Heaton, Meg Hewett, Hilary Dixon, Stephen Cooper (Treasurer), Dean Rioli and Alison Wunungmurra (joined January 2022).



MITS Alum Adam (Year 10) speaking with Wurundjeri Ngurungaeta (head man) Murrundindi

Operations and Principal Activities

The principal activities of MITS during the year were to provide education, opportunities, pathways and support to Indigenous students from remote and regional communities of Australia, principally through the provision of schooling and boarding in Melbourne.

Results and Review of Operations

2022 was another busy and highly successful year for our MITS students, our alumni and for our organisation.

In 2022, over 80 young Indigenous people were pursuing their educational aspirations in Melbourne at MITS or at one of our Partner Schools. 63 of these young people lived with MITS in our Year 7 Lockington Boarding House, Alumni Boarding House for Girls or Wellington Street Alumni House. From Term 2 of 2022, 17 students moved into our newly renovated boarding house at 364 Church Street, Richmond.

Students

In 2022 MITS welcomed 22 new Year 7 students: 14 from the Northern Territory and 8 from regional Victoria. This represents the highest number of Victorian students in a Year 7 class since our establishment. Our Year 7 cohort came to us from 9 communities across the Top End and five communities across Victoria.

MITS students achieved an 91% completion rate for our Year 7 program in 2022 (up from 86% in 2021), with 20 students completing their MITS year. Over the five years from 2018 to 2022 MITS has experienced a 93% completion rate of our Year 7 program.

Our alumni boarding model, strengthened by the opening of 364 Church Street, continued to be validated through 2022, with very strong retention of students. In 2022 MITS had 41 students living across our alumni boarding houses, in addition to our 22 Year 7 students.

Our students tell us that, in the MITS alumni boarding houses, they feel culturally safe, connected, and supported. In our 2022 family survey, 100% of our students' families said they felt that their child remained connected to culture, community and family whilst living in Melbourne.

Despite the complexity generated by the continuing impact of COVID-19, with ongoing government regulation and mandatory isolation periods, Year 7 student attendance in 2022 remained strong at 91%. This compares with Northern Territory attendance rates of 68% in remote communities and 48% in very remote communities.

*"MITS has helped me become prouder of myself and my mob. Coming to MITS made me **even more proud of being Aboriginal.**"*

MITS Year 7 student

In 2022 our Year 7 group continued to demonstrate the remarkable academic growth shown by previous cohorts. Our Year 7s improved their reading ability by an average of 2 year levels and their maths ability by 2.2 year levels (in each case, using standardised PAT testing.) 100% of our students' families said they were satisfied with their child's academic progress.

In 2022 the number of enrolment applications to MITS increased, after two years of lower application numbers due to COVID-19. We selected 52 students for interview, with the standard of applicant students continuing to be very high. In late 2022 MITS enrolled another 22 students for our Class of 2023.

Vision and Purpose

The purpose of MITS is to support Indigenous students to achieve their educational aspirations in Melbourne.

Our vision is for empowered Indigenous students, inspiring strong communities.

Strategy and Major Projects

2022 was an extremely busy year for MITS during which we delivered on our goal to grow our alumni boarding program, finalised our plans to introduce a Year 8 program, and reviewed and remodelled our organisational structure to reflect and respond to the huge amount of growth at MITS in recent years.

364 Church Street

At the start of Term 2 2022, we opened 364 Church Street, Richmond, our newest Alumni Boarding House. Initially accommodating 12 male and 5 female alum, the house provides a warm, welcoming and culturally strong home away from home for these students, consistent with the model that we established through our Wellington Street alumni boarding house and Alumni Boarding House for Girls at 139 Richmond Terrace (which opened in 2020).

In 2023, 364 Church Street has become a home for male students, with 371 Church Street to become our Alumni Boarding House for female students.



Year 7 students enjoying a kick on the MCG in February 2022, as part of MITS's partnership with the MCC Foundation



Year 7 students at our annual Bunjil Lunch, as part of Sir Doug Nicholls Round, at our Year 7 Boarding House

371 Church Street

On the same day that 364 Church Street was completed, we started work on our next, and final, boarding house at 371 Church Street. Construction on this house continued through 2022 and is due for completion in July 2023.

371 Church Street is the first building that MITS has designed and built from the ground up. Its architecture will be a very special reflection and celebration of MITS and our students, incorporating First Nations artwork both inside and outside, including the work of some of our First Nations staff.

With capacity to accommodate up to 38 MITS young people, it is our biggest boarding house and completes MITS's connected community of up to 100 young Indigenous people living and learning together across Richmond Hill, and our school campuses at Richmond Football Club and Richmond High School.

We are very grateful to the many individuals and organisations who have supported MITS in the development of 371 Church Street. The project has been primarily funded through a \$10 million contribution from the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts through the Community Development Grants Program.

As with previous boarding house developments, MITS has received the generous support of a large community of project partners, led by Kane Constructions, who are acting as construction manager on a no-profit basis, and McIldowie Partners Architects.

MITS has received pro bono and in-kind support for the construction of 371 Church Street from many companies, including King & Wood Mallesons, EY, Prensa, Barro Group, Infrabuild and Zenith Interiors.

When 371 Church Street opens, we will close our Wellington Street House after four and a half very successful years of operations. Wellington Street demonstrated the strength of the Alumni Boarding model and gave us confidence to pursue the growth of the model over the past four years. When Wellington Street closes, all MITS boarding operations will be based across our four boarding houses on Richmond Hill.



MITS's new Senior Boarding House, at 364 Church Street, at its opening in March 2022

Year 8

Following exceptionally positive feedback of our students' families, in 2022 MITS committed to expanding our MITS school program to include Year 8. A number of factors informed this decision, including:

- the opportunity that an extra year at MITS provides our students to continue their incredible academic growth;
- the opportunity that an extra year at MITS provides our students and staff to thoroughly prepare for the transition to their chosen partner schools in Year 9. Our transition program now allows MITS to select those schools early in the year, and to then spend the rest of the year working with the students and schools themselves such that on Day 1 of Year 9, our students already feel as though they belong at their new school;
- the fact that Year 9 is a much more natural entry point into a Partner School, with most schools having established transition programs for new students in this year level; and
- the ability to reframe our students' secondary school experience as two, plus two, plus two: two years with MITS, Years 9 and 10 at Partner Schools, and then a diversity of pathways for their final two years of school: VCE, VCE Vocational Major, trade-based learning and more.

In mid-2022, we worked with one of our partner schools, Richmond High School, to temporarily establish and operate our Year 8 campus from RHS's Gleadell Street Campus. We undertook some minor works to that space at the end of 2022, and our first Year 8 cohort started classes there on day 1 of Term 1 2023. Our Year 8 class will move to Richmond Football Club when the William Cooper Centre is completed.

Organisational review

In the context of the significant growth that MITS has undertaken in its boarding and school programs, MITS took the opportunity in 2022 to review its organisational structure, and then implemented some

material changes to that structure, with the introduction of a number of key roles, and the realignment of a number of teams and reporting lines.

Key elements of the restructure include:

- With more students in our care, we have invested significantly in wellbeing roles across MITS, to ensure we have a strong and coordinated approach to wellbeing. We appointed a Head of Wellbeing, with two wellbeing staff reporting to her.
- Reflecting the importance of culture at MITS, we appointed a new role of Head of Cultural Strength, to lead the celebration and protection of MITS culture, and the cultures of our students and staff.
- With four boarding houses on Richmond Hill from Term 3 2023, we have created the role of Head of Boarding with an overarching responsibility for all aspects of boarding at MITS.
- Our teaching team is now led by the newly created role of Head of Teaching and Learning, reflecting the importance of outstanding teaching practices to allow our students to excel.
- The Pathways Team's role has evolved in recent years to focus more on our alumni students' learning journeys at school and their career aspirations beyond school. On that basis, we have created two new roles of Alumni Learning and Careers Mentors.
- In recognition of the vital part that Partner School transition plays in MITS's purpose, and the introduction of an additional year in which to focus on it, we created the role of Transition Manager.
- MITS's staff represent its greatest asset and MITS acknowledges its responsibility to provide a culturally safe and rewarding working environment with a focus on career development and opportunity. To that end, MITS has created a new leadership role, the People and Capability Manager.



Year 7 student Dwayne with Australian Senator Pat Dodson in the MITS Classroom in November 2022



William Cooper Centre

During 2022, MITS progressed work on its new teaching and learning spaces within the William Cooper Centre in the Richmond Football Club's redeveloped Jack Dyer Stand.

We secured a capital funding grant through the Victorian Independent Schools Block Grant Authority to contribute to the costs of fitting out the MITS's classroom spaces within the new building. On completion of RFC's project, MITS will operate both its Year 7 and 8 programs from the William Cooper Centre, in significantly enlarged and improved facilities from those we currently occupy.

Although the exact timing of completion of the project has yet to be finalised, we anticipate being in a position to move into these outstanding new teaching spaces in 2025. We are very grateful for Richmond Football Club's generosity in welcoming MITS to be a part of this new space, a reflection of the ongoing strength of our partnership.

People

Throughout 2022 MITS continued our commitment to employing Aboriginal and Torres Strait Islander People. In 2022, we grew the percentage of First Nations staff working at MITS to 36%, and of student-facing staff to 44%.

In 2022 MITS's Executive Team grew to comprise four members: Edward Tudor (CEO), Brad Carmody (Principal), Lia Bartholomew (Head of Wellbeing) and Sammi Rioli (Head of Cultural Strength). Half of our Executive Team members are First Nations people.

In 2022 MITS welcomed one new Board Director, Alison Wunungmurra. Alison is a Dhalwangu Yolngu woman, MITS grandmother and mother, and a highly accomplished educator working in the Northern Territory and Western Australia.

Partnerships and Philanthropy

In 2022 we were proud to establish new funding partnerships with supporters including The Shine On Foundation, Colonial Foundation, MCC Foundation and Penrite Racing, and to extend funding partnerships with the DECJUBA Foundation, Macquarie Group Foundation and Mitsubishi Corporation.

MITS continued to receive valuable pro bono support, including from King & Wood Mallesons, EY, Fancy Films and Slalom.

In October 2022, we were thrilled to host our first Gala Dinner since 2019. Over 430 guests came together to celebrate MITS and our students, and to raise a record amount of donations. We were grateful for the continued support of food&desire in bringing together this important event.



Clockwise from top:
a render of the William
Cooper Centre; students and
guests at the 2022 Gala
Dinner; Alumni Learning and
Careers Mentor and
Gunditjmara woman Allira
Brown presenting to MITS
supporters with CEO
Edward Tudor



Students returning home by charter flight at Darwin Airport in June 2022

Financial Performance

MITS experienced a surplus in 2022. This surplus largely results from receipt of Australian Government funding contributions towards the development of 371 Church Street. These contributions are recognised as income upon receipt, and are utilised entirely on capital works, which are depreciated over the useful life of those assets for accounting purposes. Accordingly, the reported surplus is largely a reflection of capital funding receipts rather than an operating surplus.

Additionally, MITS's financial performance was positively impacted by strong enrolments through the course of the school year, donation receipts of \$3,267,685 and careful expense management.

In 2022 MITS received operational funding support through the National Indigenous Australians Agency, in addition to ABSTUDY funding through the Department of Human Services and recurrent educational funding through the Australian and Victorian Departments of Education.

As in previous years, MITS continues to benefit from the extraordinary generosity of its corporate and individual supporters, without whom MITS would not exist.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the reporting period.

Significant Events after the Balance Date

In the period since the balance date, work on 371 Church Street has progressed significantly, and it is expected to open shortly after the date of this report, at the commencement of Term 3 2023. When open, it will provide a proud, culturally safe home for our students, and will also house our office operations and production kitchen.

As noted above, in the period since the balance date MITS has commenced operation of our Year 8 classroom and academic program.

Likely Developments and Expected Results

The Directors do not expect any significant changes to the operations of the Company.

Indemnification and Insurance of Directors

The Company provided and paid premiums for Directors and Officers Liability and Legal Expenses insurance contracts, covering the Directors, Executives and Statutory Officers of the Company.

The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omission or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as members of the Company or officers of the Company.

Members' Guarantee

The Melbourne Indigenous Transition School is a company limited by guarantee.

According to the Company's constitution, there is only one class of membership. In the event of, and for the purpose of, winding up the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1.

At 31 December 2022, the liability of the members was \$10.

Signed in accordance with a resolution of the Board of Directors

Elizabeth Tudor
Chairperson
23 June 2023

Auditor's Independence Declaration to the Directors of Melbourne Indigenous Transition School

In relation to our audit of the financial report of Melbourne Indigenous Transition School for the financial year ended 31 December 2022, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Alison Parker

Alison Parker
Partner
23 June 2023



Year 7 student Jack
at Mornington Beach
on Boonwurrung
Country as part of
our school camp in
February 2022

Financial Statements

ABN 12 141 611 234

Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2022

	Note	12 months ended	12 months ended
		31 December 2022	31 December 2021
		\$	\$
Revenue	3	5,628,904	7,167,833
Capital works funding	3	4,430,000	-
Employee benefits expense		(3,803,606)	(2,682,490)
Depreciation and amortisation		(942,358)	(628,641)
Repairs and Maintenance		(158,147)	(80,585)
Travel Costs	4(a)	(70,166)	(51,991)
Darwin Hub Costs		-	(30,840)
Event and Engagement Costs		(154,222)	(38,391)
Other operating expense		(1,145,442)	(671,879)
Investment (loss)/income		(77,699)	157,848
Surplus		3,707,264	3,140,864
Total Comprehensive income		3,707,264	3,140,864

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	5	597,723	516,332
Trade and other receivables	6	76,732	79,212
Other assets	8	52,329	55,461
Total Current Assets		726,784	651,005
<i>Non-Current Assets</i>			
Property, plant and equipment	7	16,172,921	11,601,830
Intangible Assets	9	-	4,583
Financial assets	10	985,501	533,741
Right of use assets	11	4,171,497	4,371,967
Total Non-Current Assets		21,329,919	16,512,121
Total Assets		22,056,703	17,163,125

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

	Note	2022 \$	2021 \$
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	13	2,822,890	714,622
Loan & Borrowing		-	963,147
Employee benefits	14	116,425	34,861
Lease liabilities	12	277,746	234,750
Total Current Liabilities		3,217,061	1,947,380
<i>Non-Current Liabilities</i>			
Employee benefits	14	150,395	97,737
Lease liabilities	12	4,220,542	4,356,568
Total Non-Current Liabilities		4,370,937	4,454,305
Total Liabilities		7,587,998	6,401,685
Net Assets		14,468,705	10,761,440
Equity			
Reserves		855,000	900,000
Accumulated funds		13,613,705	9,861,440
Total Equity		14,468,705	10,761,440

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

	Accumulated Funds \$	Capital Profit Reserve (1) \$	Total \$
Balance at 1 January 2022	9,861,441	900,000	10,761,441
Surplus attributable to members of the entity	3,707,264	-	3,707,264
Amortisation of capital profit reserve (1)	45,000	- 45,000	-
Balance as at 31 December 2022	13,613,705	855,000	14,468,705
Balance at 1 January 2021	6,675,577	945,000	7,620,577
Surplus attributable to members of the entity	3,140,864	-	3,140,864
Amortisation of capital profit reserve (1)	45,000	- 45,000	-
Balance as at 31 December 2021	9,861,441	900,000	10,761,441

(1) Capital Profit Reserve

In 2016 MITS received a one-off grant of \$1.125m from the Federal Government for the capital works at the Melbourne Indigenous Transition School ('MITS') Boarding House. The one-off grant was accounted for as income in the Statement of Comprehensive Income in accordance with MITS' accounting policies. In the same year, MITS created a Capital Profit Reserve to separate the income received from the one-off grant from the accumulated funds of MITS that relates to the ordinary course of operating the school. In the current period, MITS commenced amortisation of the Capital Profits Reserve into Accumulated Funds. The amortisation profile of the Capital Profits Reserve is commensurate with the useful life of the MITS Boarding House.

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022		12 months ended 31 December 2022 \$	12 months ended 31 December 2021 \$
	Note		
Cash Flows From Operating Activities			
Receipts of donations, funding and event income		10,058,906	7,323,722
Payments to suppliers and employees		(2,988,048)	(3,082,019)
Interest received		-	1,959
GST (paid)/received		(2,480)	(97,569)
Net cash provided by/(used in) operating activities	18	7,068,378	4,146,093
Cash Flows From Investing Activities			
Purchase of investments		-	-
Transfer from investments to cash		-	984,304
Payments for property, plant and equipment		(5,554,473)	(7,040,495)
Net cash used in investing activities		(5,554,473)	(6,056,191)
Cash Flows From Financial Activities			
Proceeds from borrowings		-	4,830,000
Repayments of borrowings		(963,147)	(3,866,852)
Payment of lease liabilities		(469,366)	(414,145)
Net cash used in financing activities		(1,432,513)	549,003
Net increase in cash and cash equivalents held		81,391	(1,361,096)
Cash and cash equivalents at beginning of year		516,332	1,877,428
Cash and cash equivalents at end of financial year	5	597,723	516,332

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

The financial report covers Melbourne Indigenous Transition School (the Company) as an individual entity. Melbourne Indigenous Transition School is a not-for-profit Company limited by guarantee, incorporated and domiciled in Victorian, Australia.

The registered office is located at 16 The Vaucluse, Richmond, Victoria, 3121.

The functional and presentation currency of Melbourne Indigenous Transition School is Australian dollars.

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

1. Summary of Significant Account Policies

(a) Basis for Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general-purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, Corporations Act 2001 and the Australian Charities and Not-for-Profits Commission Act 2012.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The directors have prepared the financial report that complies with the recognition and measurement requirements of Australian Accounting Standards as issued by the Australian Accounting Standards Board, and other professional reporting requirements. It contains only those disclosures considered necessary by the directors to meet the needs of members.

The financial statements have been prepared on an accruals and historical cost basis.

Going concern

The company has prepared a cash flow forecast to support the going concern assumption based on the expectation that operational and development funding income from the Commonwealth and State Government Departments in addition to Donation income from its corporate and private supporters remains an open source of income.

At the date of this report the Board of Directors have no reason to believe the Departments or the key donors to MITS will not continue to support the Company. On this basis the directors have determined that it is appropriate to prepare the financial report on a going concern basis.

(b) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates. The Company applied AASB 1058 which sets out the principles for the recognition, measurement, presentation and disclosure for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives and the receipt of volunteer services. Such transfers with consideration significantly less than fair value primarily to enable a not-for-profit entity to further its objectives may be called grants, bequests, donations or appropriations and are usually made voluntarily.

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

Grant revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Melbourne Indigenous Transition School receives non-reciprocal contributions of assets from the government and other parties, including JobKeeper and other COVID-19 support, for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) 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 payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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.

(e) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings	4%
Fixtures and Fittings	10%
Computer Equipment	33%
Computer Software	33%

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.

(f) Impairment of non-financial assets

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

(g) Cash and cash equivalents

Cash and cash equivalents comprises 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) 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.

(i) Intangible assets

Intangible assets are the accumulation of costs associated with the development of the Company's website. IT development costs include those costs directly attributable to the development phase. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit, which for the website is determined to be 3 years.

(j) Right of Use assets and lease liabilities

Right-of-use assets

At commencement date of the lease, a right-of-use asset is recognised and measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Low-value assets recognition exemption to leases has also been applied. Lease payments on low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liabilities

At commencement date of the lease, a lease liability is recognised and measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date, if the rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed leased payments, a change in the assessment to purchase the underlying asset, or a change in the amounts expected to be payable under a residual value guarantee.

Significant judgements

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the lease commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

(k) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payable.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- (i) Financial liabilities at fair value through profit or loss
- (ii) Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the entity. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2. Critical Accounting Estimates and Judgements

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

Estimation is involved in accounting for the useful lives of property, plant and equipment, the measurement of lease arrangements and employee benefits provision. Further detail is contained in Note 1 Summary of Significant Accounting Policies.

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

3. Revenue and Other Income

	2022 \$	2021 \$
Revenue from continuing operations		
Recurring revenue		
Donations	2,667,685	3,596,913
ABSTUDY Funding	1,148,569	1,228,341
Departments of Education Funding	1,050,768	170,553
Event Income	141,772	25,357
Other Revenue	20,110	2,970
Non-Recurring revenue		
Donations	600,000	2,000,000
Capital Works funding	4,430,000	-
Government funding - COVID-19	-	143,700
Total Revenue	10,058,904	7,167,833

4. Expenses

(a) Travel Costs

	2022 \$	2021 \$
Travel Costs	70,166	25,091

Travel costs related primarily to travel by MITS students between their homes, MITS and the Darwin hub, as well as travel by MITS staff to the Darwin hub and remote communities as part of our community engagement program. A large proportion of travel costs may be reimbursed by ABSTUDY.

(b) Auditors' Remuneration

The auditor of MITS is Ernst & Young Australia.

	2022 \$	2021 \$
Amounts received or due and receivable by Ernst & Young for:	-	-
Audit of financial statements	-	-

5. Cash and Cash Equivalents

	2022 \$	2021 \$
Cash at bank and on hand	597,723	516,332
Total Cash and cash equivalents	597,723	516,332

6. Trade and Other Receivables

	2022 \$	2021 \$
Current		
GST receivables	76,732	79,212
Total Current trade and other receivables	76,732	79,212

7. Property, Plant and Equipment

	2022 \$	2021 \$
Buildings		
At cost	16,122,877	11,325,012
Accumulated depreciation	(1,078,325)	(667,123)
Total Buildings	15,044,553	10,657,889
Fixtures and fittings		
At cost	102,454	102,236
Accumulated depreciation	(69,901)	(59,729)
Total Fixtures and fittings	32,552	42,507
Computer equipment		
At cost	236,942	166,489
Accumulated depreciation	(230,933)	(151,734)
Total Computer equipment	6,009	14,755
CAPITAL WORK IN PROGRESS		
At cost	1,089,806	886,680
Accumulated depreciation	-	-
Total capital Work in Progress	1,089,806	886,680
Total Property, plant and equipment	16,172,921	11,601,830

The increase in buildings at cost reflects the boarding house at 364 Church Street, Richmond being ready for use.

7. Property, Plant and Equipment (cont.)

(a) Movement in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

YEAR ENDED 31 DECEMBER 2022	Buildings \$	Fixtures and fittings \$	Computer Equipment \$	Capital Work in Progress \$	Total \$
Balance at beginning of period	3,873,223	42,507	14,755	7,671,345	11,601,830
Additions at cost	4,797,867	218	70,453	203,126	5,071,665
Depreciation expense	(411,202)	(10,172)	(79,199)	-	(500,573)
Balance at the end of the year	8,259,888	32,552	6,009	7,874,473	16,172,921
YEAR ENDED 31 DECEMBER 2021	Buildings \$	Fixtures and fittings \$	Computer Equipment \$	Capital Work in Progress \$	Total \$
Balance at beginning of period	4,088,255	49,771	8,237	276,382	4,422,645
Additions at cost	-	2,691	53,262	7,394,963	7,450,916
Depreciation expense	(215,032)	(9,955)	(46,744)	-	(271,731)
Balance at the end of the year	3,873,223	42,507	14,755	7,671,345	11,601,830

8. Other Assets

	2022 \$	2021 \$
Current		
Prepayments	35,529	38,661
Rental Bond	16,800	16,800
Total Current trade and other receivables	52,329	55,461

9. Intangible Assets

	2022 \$	2021 \$
Intangible assets		
At cost	16,500	16,500
Accumulated depreciation	(16,500)	(11,917)
Total Intangible assets	-	4,583

10. Financial Assets

	2022 \$	2021 \$
Financial assets		
Investments at fair value	456,042	533,741
Bank Guarantee	529,459	-
Total Financial assets	985,501	533,741

Financial asset investments at fair value through profit or loss include a portfolio of non-derivative equity instruments and interest rate securities that is managed by Macquarie Bank Limited. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Bank guarantee relates to amount held by Macquarie on behalf of MITS in respect to the 371 Church Street, Richmond building.

11. Right of Use Asset

	2022 \$	2021 \$
Balance at beginning of period	4,371,967	2,437,917
Additions	236,950	2,295,288
Depreciation expense	(437,420)	(361,238)
Total Right of use asset	4,171,497	4,371,967

The right of use assets relate to MITS's leases of its Lockington Year 7 Boarding House, its Alumni Boarding House for Girls, the property at 371 Church Street that is being developed into a boarding house, its classroom spaces at the Richmond Football Club and vehicles.

12. Lease Liabilities

	2022 \$	2021 \$
Current	277,747	234,750
Non-current	4,220,541	4,356,567
Total Lease liabilities	4,220,541	4,591,317

	2022 \$	2021 \$
Balance at beginning of period	4,591,317	2,588,366
Additions	236,951	2,308,162
Interest payments	134,386	108,934
Payments	(464,366)	(414,145)
Total Lease liabilities	4,498,288	4,591,317

13. Trade and Other Payables

	2022 \$	2021 \$
Current		
Trade payables	2,658,849	708,462
Other payables	166,997	6,160
Total Trade and other payables	2,825,846	714,622

14. Employee Benefits

	2022 \$	2021 \$
Current		
Provision for employee benefits	116,425	34,861
Non-Current		
Provision for employee benefits	150,395	97,737
Total Employee benefits	266,820	132,598

15. Capital and Leasing Commitments

The Company has nil capital and leasing commitments as at 31 December 2022.

16. Members' Guarantee

The Melbourne Indigenous Transition School is a company limited by guarantee. According to the Company's constitution, there is only one class of membership. In the event of, and for the purpose of, winding up the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1.

At 31 December 2021, the liability of the members was \$10 (2020: \$10).

17. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: Nil).

18. Cash Flow Information

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

Reconciliation of net income to net cash provided by operating activities:

	2022 \$	2021 \$
Surplus for the year	3,707,264	3,140,864
Non-cash flows in surplus:		
- depreciation and asset write-off	942,358	628,641
- fair value of investments	77,699	142,152
- Interest expense on lease liability	136,931	108,934
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	-	427
- (increase)/decrease in other assets	3,132	(38,661)
- increase/(decrease) in trade and Other payables	1,837,783	276,894
- increase/(decrease) in GST receivable/(payable)	2,480	(97,569)
- increase/(decrease) in employee benefits	134,223	(15,588)
Cashflow from operations	6,841,871	4,146,093

19. Events after the end of the Reporting Period

The financial report was authorised for issue on 23 June 2023 by the Board of Directors.

No matters or circumstances have arisen since the end of the 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.

20. Company Details

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

Melbourne Indigenous Transition School
16 The Vacluse, RICHMOND
VIC 3121

Directors' Responsibilities Statement

In accordance with a resolution of the directors of Melbourne Indigenous Transition School, I state that in my opinion of the directors:

- a. The Company is not a reporting entity as defined in the Australian Accounting Standards;
- b. The financial statements and notes of the Company are in accordance with 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 2022 and of its performance for the year ended on that date; and
 - ii. Complying with Australian Accounting Standards to the extend described in Note 1 to the financial statements and complying with the *Australian Charities and Not-For-Profit Commission Regulation 2013*;
- c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Edward Tudor
Chief Executive Officer
Melbourne
23 June 2023



Year 7 student
Dwayne and Year 8
alum Lulu at the
MITS Gala Dinner in
October 2022

Independent Auditor's Report

To the members of Melbourne Indigenous Transition School

Opinion

We have audited the financial report, being a special purpose financial report, of Melbourne Indigenous Transition School (the School), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the School is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the School's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1a, and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

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

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 statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' 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.



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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

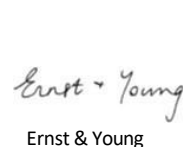
The directors of the School are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the 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, the directors are responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.

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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report




Alison Parker
Partner
23 June 2023