

GIPPSLAND LAKES COMMUNITY HEALTH
(ABN 39 041 514 660)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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DIRECTORS' REPORT

Your directors present this report on the Company for the financial year ended 30 June 2016.

Directors

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

| Director | Date Appointed/Elected | Date of Resignation/Retirement |
|------------------|-------------------------------|---------------------------------------|
| Jeffrey Wilson | | |
| Carol Ross | | |
| Sohan Gunasekera | | Resigned 23/11/15 |
| Jeanette Severs | | Retired 10/12/15 |
| Ian Dunkley | | Retired 23/11/15 |
| Joanne Booth | | Resigned 18/09/15 |
| Darryl Andy | | |
| Patricia Bryce | | |
| Kate Bogle | Elected 23/11/15 | Resigned 04/05/16 |
| Nicholas Earley | Elected 23/11/15 | |
| Glenn Hodges | Elected 23/11/15 | |
| Judith Congalton | Appointed 20/01/16 | |

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

Company Secretary

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

Susan Medson, Chief Executive Officer.

Principal Activities

The principal activity of the Company during the financial year was as follows:

Gippsland Lakes Community Health is a health service provider in East Gippsland, noted for the provision of health and community services, its ability to relate to and provide services to the most disadvantaged communities, and its championing of the social model of health.

There were no significant changes in the nature of the Company's activity during the financial year.

Operating Results

The surplus of the Company amounted to \$1,026,130 (2015: Surplus of \$302,842).

Significant Changes in State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After Reporting Date Events

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.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

| | |
|----------------------------------|--|
| Director's Name: | Jeffrey Wilson |
| Position held: | Elected director |
| Special responsibilities: | Vice Chair Member of Finance Committee Member of GLCH/BRHS Alliance Committee |
| Qualification: | Diploma of Education Graduate Diploma in Electronic Computing Diploma in Metallurgy |
| Experience: | Victorian Education Department for 38 years, including 9 years as a Primary School Principal Deputy Chairperson Mollacoota Water Board (4 Yrs) Chairperson East Gippsland Network of Schools (5 Yrs) Chairperson Gippsland Lakes Community Health Board (10+ Yrs) |
| Director's Name: | Carol Ross |
| Position held: | Elected director |
| Special responsibilities: | Chair Member of GLCH/BRH Alliance Committee |
| Qualification: | Bachelor of Commerce Diploma of Financial Services Diploma of Management (Human Resources) Diploma in Frontline Management. |
| Experience: | Senior Management skills |
| Director's Name: | Sohan Gunasekera |
| Position held: | Elected director |
| Special responsibilities: | Chair of Finance Committee (up to 12/8/2015) Member of Finance Committee (from 12/8/2015) Member of GLCH/BRH Alliance Committee (up to 12/8/2015) |
| Qualification: | Bachelor of Applied Science Masters Degrees in Business Administration and Information Systems Management Certified Project Management Professional |
| Experience: | 20 years of customer service, process improvement and project management experience across private, not-for-profit and government sectors. Currently Senior Executive Officer at Knox City Council Member of Victorian Local Government Information & Communications Technology Committee Board member at Uniting Care Gippsland. |
| Director's Name: | Jeanette Severs |
| Position held: | Appointed director |
| Special responsibilities: | Member of Finance Committee |
| Qualification: | Bachelor of Arts (Sociology) Graduate of the Australian Institute of Company Directors, the Marcus Oldham Rural Leadership Program and the Gippsland Community Leadership Program. |
| Experience: | Newspaper journalist and subeditor, author. Business manager for primary production enterprise. Policy, research, analyst and administration roles for various public health organisations. A number of past board and committee roles. Currently President of Victorian Women in Agriculture, co-organiser of the Professional and Business Women's Network East Gippsland and committee member of Women on Farms West Gippsland. |

Information on Directors (continued)

| | |
|----------------------------------|--|
| Director's Name: | Ian Dunkley |
| Position held: | Elected director |
| Special responsibilities: | Member of Finance Committee (Chair from 12/8/2015) |
| Qualification: | Qualified Accountant |
| Experience: | Background in Finance CEO and Project Management in not-for-profit and Aboriginal Health and welfare organisations. Currently works in disability services at Headway Gippsland Inc. Served on a number of Boards including GLCH (past Board member), East Gippsland TAFE, East Gippsland Football League and the East Gippsland Shire Council Economic Development Committee |
| Director's Name: | Joanne Booth |
| Position held: | Appointed director |
| Special responsibilities: | Member of the Audit and Risk Committee |
| Qualification: | Masters of Public Health Graduate Diploma in Occupational Health Bachelor of Arts (Sociology/Politics) Certificate of Advanced Nursing and Certificate of General Nursing Graduate of the Australian Institute Company Directors Governing for Nonprofit Excellence (Harvard) Practitioners Certificate in Mediation (IAMA) |
| Experience: | Consultant and former CEO in the health, public and not-for-profit sectors. Director Victorian Healthcare Association Director Workways Australia Ltd Director East Gippsland Region Water Corporation Independent Audit Committee Chair, Central Gippsland Region Water Corporation |
| Director's Name: | Darryl Andy |
| Position held: | Appointed director |
| Special responsibilities: | Nil |
| Qualification: | Certificate III in Aboriginal Education Assistant Graduate of Stronger Smarter Leadership Institute Training in Family Partnerships, Conflict Management and Building Community Futures |
| Experience: | Currently Koori Engagement Support Officer at the Lakes Entrance Secondary College. Previously Koori Educator at the Bairnsdale Secondary College. Chair of the Lakes Entrance Aboriginal Health Association (LEAHA) Involved in many Aboriginal forums and networks |
| Director's Name: | Patricia Bryce |
| Position held: | Elected director – 18/11/14 |
| Special responsibilities: | Chair of Audit and Risk Committee Member of GLCH/BRHS Alliance Committee |
| Qualification: | Bachelor of Education Registered Nurse and Midwife Certificate in Counselling, Family Planning, Sexual and Reproductive Health |
| Experience: | Worked at major public hospitals and has experience on hospital and health service Boards. Previously on the ethics committee at Howard Florey Institute of Neuroscience and Mental Health and other specialist advisory committees. Currently a member of the Bairnsdale Regional Health Service community advisory committee. |

Information on Directors (continued)

| | |
|----------------------------------|--|
| Director's Name: | Kate Bogle |
| Position held: | Elected director – 23/11/15 |
| Special responsibilities: | Member of Audit and Risk Committee |
| Qualification: | Police Officer and Detective Bachelor of Arts |
| Experience: | Extensive experience working with family violence and sexual assault victims of crime from various backgrounds, including young children, the elderly and those with mental health issues and disability. Worked with various agencies in East Gippsland to support vulnerable members of the community. |
| Director's Name: | Nicholas Earley |
| Position held: | Elected director – 23/11/15 |
| Special responsibilities: | Chair of Finance Committee |
| Qualification: | Bachelor of Arts Graduate Diploma in Accounting Graduate Diploma of Accounting and Finance |
| Experience: | Worked in the State Public Service for almost 30 years, including the Department of Treasury and Finance. Financial management experience both as a line manager and as a developer/implementer of new financial management reforms, covering budgeting, reporting and accountability. |
| Director's Name: | Glenn Hodges |
| Position held: | Elected director – 23/11/15 |
| Special responsibilities: | Member of Audit and Risk Committee |
| Qualification: | Bachelor of Jurisprudence Bachelor of Law Diploma of Finance Law |
| Experience: | Lawyer who specialises in commercial, business and financial matters, including corporate governance. Experienced company secretary for unlisted public companies and has served as director or secretary on other company boards, both for business and for community organisations. |
| Director's Name: | Judith Congalton |
| Position held: | Appointed director – 20/01/16 |
| Special responsibilities: | Member of Audit and Risk Committee |
| Qualification: | Bachelor of Applied Science – Advanced Nursing and Administration Registered Nurse and Midwife Diploma of Hospital Nursing and Unit Management Graduate of the Australian Institute Company Directors Graduate of Australian School of Management Senior Manager Program Graduate of Mt Eliza Business School Advanced Management Program Diploma of Project Management |
| Experience: | Worked in the health industry for over 45 years, for over 30 of these in senior leadership and management positions in a range of health organisations. Held positions on a number of health industry Boards. Sound understanding of the health environment, including policy, governance and funding frameworks as well as the issues and challenges of service delivery in rural Victoria. |

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendance by each director was as follows:

| Director | Number eligible to attend | Number attended |
|------------------|---------------------------|-----------------|
| Jeffrey Wilson | 10 | 8 |
| Carol Ross | 10 | 10 |
| Sohan Gunasekera | 4 | 2 |
| Jeanette Severs | 4 | 2 |
| Ian Dunkley | 4 | 4 |
| Joanne Booth | 2 | 1 |
| Darryl Andy | 10 | 3 |
| Patricia Bryce | 10 | 8 |
| Kate Bogle | 4 | 2 |
| Nicholas Earley | 6 | 6 |
| Glenn Hodges | 6 | 5 |
| Judith Congalton | 5 | 5 |

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Contributions on winding up

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 \$1 towards meeting any outstanding obligations of the Company. At 30 June 2016 the total amount that members of the Company are liable to contribute if the Company is wound up is \$220.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under subdivision 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 8 of these financial statements.

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



Carol Ross
Chair and Director

Dated this 13th day of October 2016.

**AUDITORS INDEPENDENCE DECLARATION UNDER SUBDIVISION
60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS
COMMISSION ACT 2012 TO THE BOARD OF GIPPSLAND LAKES
COMMUNITY HEALTH**

I declare that, in relation to our audit of the financial report of Gippsland Lakes Community Health for the financial year ended 30 June 2016, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Vic

CROWE HORWATH VIC

G. Robertson

**GORDON ROBERTSON
Partner**

Date: 13 October 2016

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2016**

| | Note | 2016 \$ | 2015 \$ |
|--|------|-------------------|-------------------|
| Continuing operations | | | |
| Revenue | | | |
| Government contributions | | | |
| - Department of Human Services | | 4,305,358 | 3,209,067 |
| - Department of Health | | 6,309,874 | 6,401,272 |
| - Department of Early Childhood Development | | 955,335 | 978,263 |
| - Other Government Grants | | 5,023,819 | 5,049,134 |
| Fee for service – agencies | | 4,588,591 | 4,263,039 |
| Fees – clients | | 898,270 | 873,731 |
| Indirect contributions by Department of Human Services | | 11,397 | 15,303 |
| Interest income | | 273,761 | 218,943 |
| Other income | | 718,921 | 783,123 |
| Reimbursements | | - | 64,180 |
| Gain on disposal of property, plant and equipment | 2 | 44,699 | - |
| Total revenue | | 23,130,025 | 21,856,055 |
| Expenses | | | |
| Client costs | | 1,606,277 | 991,694 |
| Contract services | | 249,330 | 566,504 |
| Depreciation and amortisation expense | 2 | 555,514 | 526,600 |
| Employee benefits expense | | 17,107,336 | 16,444,561 |
| Health promotion expenses | | 441,702 | 929,909 |
| Information technology expenses | | 684,722 | 529,415 |
| Loss on disposal of property, plant and equipment | 2 | - | 59,076 |
| Medical supplies | | 100,286 | 103,513 |
| Motor vehicle expenses | | 245,708 | 299,054 |
| Non-capital equipment purchases | | 52,171 | 31,865 |
| Occupancy costs | | 171,262 | 180,869 |
| Office expense | | 471,579 | 481,960 |
| Professional fees | | 81,002 | 57,272 |
| Repairs and maintenance expenses | | 124,370 | 148,028 |
| Staff expenses | | 212,636 | 202,893 |
| Total expenses | | 22,103,895 | 21,553,213 |
| Surplus before income tax | | 1,026,130 | 302,842 |
| Income tax expense | 1(a) | - | - |
| Surplus for the year | | 1,026,130 | 302,842 |

The accompanying notes form part of these financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

| | Note | 2016 \$ | 2015 \$ |
|--|------|------------------|----------------|
| Surplus for the year | | 1,026,130 | 302,842 |
| Other comprehensive income for the year, net of income tax | | | |
| - Revaluation of land and buildings | | - | 281,344 |
| Total comprehensive income for the year | | <u>1,026,130</u> | <u>584,186</u> |
| Surplus attributable to: | | | |
| Members of the Company | | <u>1,026,130</u> | <u>302,842</u> |
| Surplus for the year | | <u>1,026,130</u> | <u>302,842</u> |
| Total comprehensive income attributable to: | | | |
| Members of the Company | | <u>1,026,130</u> | <u>584,186</u> |
| Total comprehensive income for the year | | <u>1,026,130</u> | <u>584,186</u> |

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

| | Note | 2016 \$ | 2015 \$ |
|--------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 761,201 | 1,145,150 |
| Trade and other receivables | 4 | 868,218 | 975,077 |
| Other financial assets | 5 | <u>5,500,042</u> | <u>3,977,464</u> |
| TOTAL CURRENT ASSETS | | <u>7,129,461</u> | <u>6,097,691</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 11,412,942 | 11,069,882 |
| Intangible assets | 7 | <u>484,758</u> | <u>540,340</u> |
| TOTAL NON-CURRENT ASSETS | | <u>11,897,700</u> | <u>11,610,222</u> |
| TOTAL ASSETS | | <u>19,027,161</u> | <u>17,707,913</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 1,110,889 | 1,354,363 |
| Provisions | 9 | 2,476,255 | 2,630,118 |
| Unexpended grants | 10 | 1,939,954 | 1,604,504 |
| Grants received in advance | 11 | <u>1,040,078</u> | <u>756,351</u> |
| TOTAL CURRENT LIABILITIES | | <u>6,567,176</u> | <u>6,345,336</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 9 | <u>587,154</u> | <u>515,876</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>587,154</u> | <u>515,876</u> |
| TOTAL LIABILITIES | | <u>7,154,330</u> | <u>6,861,212</u> |
| NET ASSETS | | <u>11,872,831</u> | <u>10,846,701</u> |
| EQUITY | | | |
| Retained surplus | | 8,844,526 | 7,290,512 |
| Development fund | 12(b) | 878,481 | 1,406,365 |
| Revaluation reserve | 12(a) | <u>2,149,824</u> | <u>2,149,824</u> |
| TOTAL EQUITY | | <u>11,872,831</u> | <u>10,846,701</u> |

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016**

| | Retained surplus \$ | Development fund \$ | Revaluation reserve \$ | Total \$ |
|---|---------------------------|---------------------------|------------------------------|-------------------|
| Balance at 1 July 2014 | 7,228,181 | 1,165,854 | 1,868,480 | 10,262,515 |
| Surplus for the year | 302,842 | - | - | 302,842 |
| Other comprehensive income for the year | - | - | 281,344 | 281,344 |
| Total comprehensive income for the year | 302,842 | - | 281,344 | 584,186 |
| Transfer from development fund | 62,331 | (62,331) | - | - |
| Transfer to development fund | (302,842) | 302,842 | - | - |
| Balance at 30 June 2015 | 7,290,512 | 1,406,365 | 2,149,824 | 10,846,701 |
| Balance at 1 July 2015 | 7,290,512 | 1,406,365 | 2,149,824 | 10,846,701 |
| Surplus for the year | 1,026,130 | - | - | 1,026,130 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | 1,026,130 | - | - | 1,026,130 |
| Transfer from development fund | 1,554,014 | (1,554,014) | - | - |
| Transfer to development fund | (1,026,130) | 1,026,130 | - | - |
| Balance at 30 June 2016 | 8,844,526 | 878,481 | 2,149,824 | 11,872,831 |

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2016**

| | Note | 2016 \$ | 2015 \$ |
|--|------|---------------------------|---------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Grants received | | 17,224,960 | 15,292,155 |
| Fees received | | 5,593,720 | 5,253,498 |
| Other receipts from customers | | 718,921 | 847,303 |
| Payments to suppliers and employees | | (21,945,365) | (21,328,732) |
| Interest received | | 273,761 | 218,943 |
| Net GST received/(paid) | | 70,925 | (42,295) |
| Net cash provided by operating activities | 13 | <u>1,936,922</u> | <u>240,872</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds on disposal of plant and equipment | | 229,007 | 199,750 |
| Payments for property, plant and equipment | | (1,027,300) | (1,884,842) |
| Payments for intangible assets | | - | (400,937) |
| Net (purchase)/redemption of investments | | (1,522,578) | 691,609 |
| Net cash used in investing activities | | <u>(2,320,871)</u> | <u>(1,394,420)</u> |
| Net decrease in cash and cash equivalents | | (383,949) | (1,153,548) |
| Cash and cash equivalents at beginning of year | | 1,145,150 | 2,298,698 |
| Cash and cash equivalents at end of year | 3 | <u>761,201</u> | <u>1,145,150</u> |

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover the Company, Gippsland Lakes Community Health, incorporated and domiciled in Australia.

Financial reporting framework

The Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the requirements of *section 60.40 of the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation)* and meet the needs of the members.

For the purposes of preparing the financial statements, the Company is a not-for-profit.

Statement of Compliance

The financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained under changes in accounting policies.

(a) Income Tax

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

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(c) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown either at cost or at their fair value based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are charged against fair value reserves directly in equity all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Property, Plant and Equipment (Continued)

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Plant and Equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| | Depreciation rates | Depreciation method |
|------------------------|--------------------|---------------------|
| Buildings | 2.5% | Prime Cost |
| Furniture and Fittings | 2.5% | Prime Cost |
| Motor Vehicles | 20% | Diminishing Value |
| Plant & Equipment | 10%-33.33% | Prime Cost |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(d) Impairment of Assets

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

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of Assets (continued)

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset. The cost of plant and equipment constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or losses in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at nominal value.

An employee benefit liability is classified as a current liability if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(g) Provisions

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

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(h) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and 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.

If the conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

It is the policy of the Company to treat grant income as unexpended grants in the statement of financial position where the Company is contractually obliged to provide the services in a subsequent financial period, or in the case of specific project grants, where the project has not been completed.

Gippsland Lakes Community Health receives non-reciprocal contributions of assets from the government and other parties 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 and bequests are recognised as revenue when received.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue (continued)

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company and liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value with assets or liabilities related to employee benefit arrangements being recognised and measured in accordance with AASB 119 Employee Benefits.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or the bargain purchase gain. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(k) Leases

Leases of plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company, are classified as finance leases.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases (continued)

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses on a straight line basis over the period of the lease.

(l) Comparative Figures

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

(m) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- (i) it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
- (ii) it is held primarily for the purpose of trading; or
- (iii) it is expected to be realised within twelve months after the reporting period; or
- (iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or
- (iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(n) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Critical accounting judgements, estimates and assumptions (Continued)

Impairment of non-financial assets

The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for impairment of receivables

The Board of Directors believe that all trade receivables are recoverable with the exception of \$5,000 which has been regarded as doubtful.

Grants in advance and unexpended grants

The Company assesses the grants in advance and unexpended grants by reference to the conditions attached to the grants and the timing of the receipt of grant monies in accordance with accounting policy disclosed at Note 1(h).

Employee benefits provision

As discussed in Note 1(f), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(o) Economic Dependence

Gippsland Lakes Community Health is dependent upon the Department of Health, Department of Human Services, Department of Education, Early Childhood Development and the Commonwealth Department of Health and Ageing for the majority of its revenue to provide services. At the date of this report the Board of Directors has no reason to believe that those sources of revenue will not continue.

(p) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2016. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

| | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| NOTE 2: EXPENSES | | |
| Included in expenses are the following: | | |
| <i>Depreciation and amortisation expense:</i> | | |
| - Buildings | 172,800 | 164,837 |
| - Plant and equipment | 99,393 | 125,745 |
| - Motor vehicles | 227,739 | 220,529 |
| - Software | 55,582 | 15,489 |
| | <u>555,514</u> | <u>526,600</u> |
| <i>Operating lease expenses:</i> | | |
| - Residential accommodation | 17,908 | 24,068 |
| - Vehicle leases | 25,543 | 41,122 |
| | <u>43,451</u> | <u>65,190</u> |
| (Gain)/Loss on disposal of property, plant and equipment | <u>(44,699)</u> | <u>59,076</u> |
| NOTE 3: CASH AND CASH EQUIVALENTS | | |
| Cash at bank | 758,151 | 1,142,100 |
| Cash on hand | 3,050 | 3,050 |
| | <u>761,201</u> | <u>1,145,150</u> |
| NOTE 4: TRADE AND OTHER RECEIVABLES | | |
| Trade receivables | 666,712 | 563,623 |
| Less: Provision for impairment of receivables | (5,000) | (5,000) |
| | <u>661,712</u> | <u>558,623</u> |
| Other receivables | 206,506 | 416,454 |
| | <u>868,218</u> | <u>975,077</u> |
| NOTE 5: OTHER FINANCIAL ASSETS | | |
| Term deposits | <u>5,500,042</u> | <u>3,977,464</u> |
| NOTE 6: PROPERTY, PLANT & EQUIPMENT | | |
| <i>Land:</i> | | |
| At fair value | 2,341,000 | 2,341,000 |
| At cost | 794,972 | 642,982 |
| | <u>3,135,972</u> | <u>2,983,982</u> |

| | 2016 \$ | 2015 \$ |
|--|-------------------|-------------------|
| NOTE 6: PROPERTY, PLANT & EQUIPMENT (Continued) | | |
| <i>Buildings:</i> | | |
| Buildings at fair value | 6,219,000 | 6,219,000 |
| Buildings at cost | 857,571 | 597,692 |
| Leasehold improvements – Bruthen | 16,322 | 11,262 |
| Accumulated depreciation | <u>(176,861)</u> | <u>(4,061)</u> |
| | <u>6,916,032</u> | <u>6,823,893</u> |
| <i>Total land and buildings</i> | <u>10,052,004</u> | <u>9,807,875</u> |
| <i>Plant and equipment:</i> | | |
| At cost | 1,174,122 | 1,095,538 |
| Accumulated depreciation | <u>(952,787)</u> | <u>(899,939)</u> |
| | <u>221,335</u> | <u>195,599</u> |
| <i>Motor vehicles:</i> | | |
| At cost | 1,556,894 | 1,485,974 |
| Accumulated depreciation | <u>(417,291)</u> | <u>(419,566)</u> |
| | <u>1,139,603</u> | <u>1,066,408</u> |
| Total property, plant and equipment | <u>11,412,942</u> | <u>11,069,882</u> |

Movements in Carrying Amounts

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

| | Land and buildings \$ | Plant and equipment \$ | Motor vehicles \$ | Total \$ |
|-------------------------|-----------------------------|------------------------------|-------------------------|-------------------|
| 2016 | | | | |
| Balance at 1 July 2015 | 9,807,875 | 195,599 | 1,066,408 | 11,069,882 |
| Additions | 416,929 | 126,247 | 484,124 | 1,027,300 |
| Disposals | - | (1,118) | (183,190) | (184,308) |
| Depreciation | <u>(172,800)</u> | <u>(99,393)</u> | <u>(227,739)</u> | <u>(499,932)</u> |
| Balance at 30 June 2016 | <u>10,052,004</u> | <u>221,335</u> | <u>1,139,603</u> | <u>11,412,942</u> |
| 2015 | | | | |
| Balance at 1 July 2014 | 8,300,694 | 255,574 | 1,117,365 | 9,673,633 |
| Additions | 1,390,674 | 65,770 | 428,398 | 1,884,842 |
| Disposals | - | - | (258,826) | (258,826) |
| Revaluation increment | 281,344 | - | - | 281,344 |
| Depreciation | <u>(164,837)</u> | <u>(125,745)</u> | <u>(220,529)</u> | <u>(511,111)</u> |
| Balance at 30 June 2015 | <u>9,807,875</u> | <u>195,599</u> | <u>1,066,408</u> | <u>11,069,882</u> |

Fair value of land and buildings

Land and buildings were revalued by C.J.A Lee & Associates, C. Jordan FAPI. The valuation, which conforms to Australian valuation standards in compliance with AASB13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*, and was determined by reference to the 'highest and best use of the asset'. The effective date of the valuation was at 30 June 2015. Land and buildings acquired during the year has been recorded at the purchase cost which is deemed to approximate fair value.

| 2016 | 2015 |
|-------------|-------------|
| \$ | \$ |

NOTE 7: INTANGIBLE ASSETS

Software:

| | | |
|--------------------------|-----------------|-----------------|
| At cost | 555,829 | 555,829 |
| Accumulated amortisation | <u>(71,071)</u> | <u>(15,489)</u> |
| | <u>484,758</u> | <u>540,340</u> |

Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

| | Software | Total |
|--|-----------------|--------------|
| | \$ | \$ |

2016

| | | |
|-------------------------|-----------------|-----------------|
| Balance at 1 July 2015 | 540,340 | 540,340 |
| Amortisation | <u>(55,582)</u> | <u>(55,582)</u> |
| Balance at 30 June 2016 | <u>484,758</u> | <u>484,758</u> |

2015

| | | |
|-------------------------|-----------------|-----------------|
| Balance at 1 July 2014 | 154,892 | 154,892 |
| Additions | 400,937 | 400,937 |
| Amortisation | <u>(15,489)</u> | <u>(15,489)</u> |
| Balance at 30 June 2015 | <u>540,340</u> | <u>540,340</u> |

| 2016 | 2015 |
|-------------|-------------|
| \$ | \$ |

NOTE 8: TRADE AND OTHER PAYABLES

Current

Unsecured liabilities

| | | |
|-------------------------------------|------------------|------------------|
| Trade payables | 598,525 | 783,560 |
| Net GST payable | 334,169 | 263,244 |
| Accrued expenses and other payables | 165,799 | 292,348 |
| Trust scholarship | <u>12,396</u> | <u>15,211</u> |
| | <u>1,110,889</u> | <u>1,354,363</u> |

| | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| NOTE 9: PROVISIONS | | |
| Current | | |
| Annual leave | 979,681 | 1,161,976 |
| Accrued salaries | 235,126 | 109,938 |
| Accrued days off and professional development leave | 58,552 | 39,726 |
| Salary clearing accounts | 1,231 | 108,394 |
| Long service leave | 1,201,665 | 1,210,084 |
| | <u>2,476,255</u> | <u>2,630,118</u> |
| Non-current | | |
| Long service leave | 587,156 | 515,876 |
| | <u>587,156</u> | <u>515,876</u> |
| Total provisions | <u>3,063,411</u> | <u>3,145,994</u> |
| (1) Current | | |
| Unconditional and expected to be settled within 12 months | 1,544,836 | 2,050,138 |
| Unconditional and expected to be settled after 12 months | 931,419 | 579,980 |
| | <u>2,476,255</u> | <u>2,630,118</u> |
| (2) Non-current | | |
| Conditional long service leave entitlements | 587,156 | 515,876 |

NOTE 10: UNEXPENDED GRANTS

These program funds are all committed for expensing in future financial periods and are represented by:

Department of Human Services Funds:

| | | |
|------------------------------|----------------|----------------|
| Disability | - | 25,079 |
| Early Years | 20,000 | 33,455 |
| Healing Service | 167,332 | 65,973 |
| Homelessness Support Program | - | 5,042 |
| Housing Establishment Fund | 2,937 | 2,541 |
| Indigenous Healing Service | - | 60,000 |
| Individual Support Packages | 36,595 | 45,103 |
| Intake | 42,025 | 83,625 |
| Koori Justice | 43,298 | 24,564 |
| Services Connect | 186,792 | 190,775 |
| Child First | 28,584 | - |
| Family Violence Packages | 95,347 | - |
| | <u>622,910</u> | <u>536,157</u> |

| | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| NOTE 10: UNEXPENDED GRANTS (Continued) | | |
| <i>Department of Health Funds:</i> | | |
| AHPACC | 201,039 | 134,888 |
| Alcohol & Drug Service | 90,481 | 86,321 |
| Home Based Nursing | 36,648 | 26,795 |
| Pathway to good health | 66,682 | - |
| LEAHA - Social & Emotional | 14,206 | - |
| Annual Provision | 110,228 | - |
| | <u>519,284</u> | <u>248,004</u> |
| <i>Department of Education and Early Childhood Development Funds:</i> | | |
| Early Childhood Individual Support Packages | 200,222 | 100,567 |
| School Focussed Youth Service | 41,703 | 46,413 |
| Indigenous Kinder program | 1,173 | - |
| | <u>243,098</u> | <u>146,980</u> |
| <i>Other grants:</i> | | |
| Aged Care Packages | 281,146 | 174,377 |
| Gippsland Medicare Local Child Mental Health | - | 53,880 |
| Reconnect | 3,392 | - |
| LEAHA | 10,505 | 12,077 |
| LEAHA - Gippsland Medicare Local | 26,396 | 28,742 |
| LEAHA - Elders Community Connections | 5,322 | 2,391 |
| LEAHA - Local Justice | - | 22,950 |
| LEAHA - Medical Transport | 4,850 | 13,494 |
| LEAHA - Men's Health | 20,100 | 33,200 |
| LEAHA - Tackling Smoking | 38,466 | 170,000 |
| LEAHA - Parenting HUB | 4,913 | - |
| Mr & Mrs Naidoc | 1,853 | - |
| | <u>396,943</u> | <u>511,111</u> |
| <i>Other income:</i> | | |
| Autism Awareness | 2,831 | 4,478 |
| Donations | 41,185 | 69,572 |
| East Gippsland Primary Care Partnership | 113,703 | 88,202 |
| | <u>157,719</u> | <u>162,252</u> |
| Total unexpended grants | <u>1,939,954</u> | <u>1,604,504</u> |

| | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| NOTE 11: GRANTS IN ADVANCE | | |
| These program funds are represented by: | | |
| <i>Department of Human Services Funds:</i> | | |
| Family Violence Initiative | 14,000 | 31,024 |
| High Risk Family Violence | 17,280 | - |
| Men's Family Violence | 17,000 | - |
| A&EP Disability Program | 1,500 | 1,500 |
| | <u>49,780</u> | <u>32,524</u> |
| <i>Department of Health Funds:</i> | | |
| Closing the Gap - Healthy for Life | - | 6,696 |
| Community Health | 15,000 | 15,000 |
| HACC Counselling Growth | 19,734 | 19,734 |
| HACC Physio Growth | - | 19,734 |
| HACC Property Maintenance Growth | 14,050 | 14,050 |
| Koolin Balit Trainee Support | 14,000 | - |
| Koolin Balit Program | - | 100,000 |
| Needle Syringe Program | - | 70,000 |
| Forensic Youth Outreach | 1,501 | - |
| Workforce Education & Training | 6,000 | - |
| Youth Outreach | 33,013 | - |
| | <u>103,298</u> | <u>245,214</u> |
| <i>Department of Education and Early Childhood Development Funds:</i> | | |
| Indigenous Kindergarten | 21,818 | - |
| | <u>21,818</u> | <u>-</u> |
| <i>Other grants:</i> | | |
| Australian Home Care | - | 28,001 |
| BRHS - EG Capability Framework | 52,000 | 62,000 |
| BRHS - EG Service Plan | 30,000 | - |
| Department of Justice - Local Justice program | 190,000 | 90,000 |
| Department of Premier & Cab Arts Project | 89,485 | 123,972 |
| Depart. Social Services Child Care professional Development | - | 24,218 |
| East Gippsland Primary Care Partnership | 5,000 | - |
| Flinder's Island Aboriginal Assoc | - | 6,700 |
| Gippsland Regional Palliative Care Grant | 20,000 | - |
| Gippsland Regional Workforce development | 50,000 | - |
| Koolin Balit | 179,430 | - |
| Monash University Clinical School | 12,500 | - |
| Nowa Nowa Men's Shed | 741 | 3,330 |
| Nowa Nowa Volunteers Grant | 1,666 | 1,666 |

| | 2016 \$ | 2015 \$ |
|--|------------------|----------------|
| NOTE 11: GRANTS IN ADVANCE (Continued) | | |
| <i>Other grants (continued):</i> | | |
| DoJ Strong Men, Strong communities Grant | 85,599 | 85,599 |
| Ross Trust - LEAHA Capacity Building | - | 30,000 |
| Primary Health Network - My Body My Thoughts | 7,765 | - |
| Primary Health Network - Awareness of Feelings | 3,484 | - |
| Uniting Care - Communities for Children | 44,490 | - |
| Uniting Care - Service Access | 4,375 | - |
| Uniting Care - Linking Schools | 10,000 | - |
| Primary Health Network - Parents Toolkit | 10,000 | - |
| Primary Health Network - Autism Awareness | 10,000 | - |
| Primary Health Network - Autism Assessment | 20,000 | - |
| Primary Health Network - ATAPS | 7,200 | - |
| | <u>833,735</u> | <u>455,486</u> |
| <i>Other income:</i> | | |
| GP Income | 6,106 | 20,629 |
| Other | 25,341 | 2,498 |
| | <u>31,447</u> | <u>23,127</u> |
| Total grants in advance | <u>1,040,078</u> | <u>756,351</u> |

NOTE 12: RESERVES

(a) Revaluation Reserve

The revaluation reserve relates to the revaluation of land and buildings carried at fair value and is represented by:

| | | |
|-----------|------------------|------------------|
| Land | 1,173,500 | 1,173,500 |
| Buildings | 976,324 | 976,324 |
| | <u>2,149,824</u> | <u>2,149,824</u> |

(b) Development Fund

The development fund reserve relates to post 30 June 2012 surplus funds set aside for future capital developments/business initiatives.

| | 2016 \$ | 2015 \$ |
|--|------------------|----------------|
| NOTE 13: RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH SURPLUS FOR THE YEAR | | |
| Surplus for the year | 1,026,130 | 302,842 |
| <i>Non-cash flows from operations:</i> | | |
| Depreciation and amortisation expense | 555,514 | 526,600 |
| (Gain)/Loss on disposal of property, plant and equipment | (44,699) | 59,076 |
| Changes in assets and liabilities: | | |
| Decrease in trade and other receivables | 106,859 | 116,728 |
| Decrease in trade and other payables | (243,474) | (650,685) |
| (Decrease)/Increase in provisions | (82,585) | 247,195 |
| Increase in unexpended grants | 335,450 | 160,492 |
| Increase/(Decrease) in grants in advance | 283,727 | (521,376) |
| | <u>1,936,922</u> | <u>240,872</u> |

NOTE 14: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at reporting date. During the previous financial year the property donated by Riviera Properties Limited for the Metung Community Medical Centre development, which was previously recorded as a contingent asset, was transferred to GLCH and is included in property, plant and equipment.

There are no contingent liabilities at reporting date (30 June 2015: \$nil).

NOTE 15: COMMITMENTS

(a) Operating lease commitments

Operating leases relate to three vehicle leases (2015: three vehicle leases) commitments as follows:

| | | |
|------------------------|---------------|---------------|
| Not longer than 1 year | 27,095 | 30,669 |
| One to five years | 21,953 | - |
| | <u>49,048</u> | <u>30,669</u> |

NOTE 16: LEASE RECEIVABLES

(a) Operating lease receivables

Operating lease receivables relate to the premises at 66 McCulloch Street, Bairnsdale which is a one year lease expiring in February 2017:

| | | |
|------------------------|---------------|----------|
| Not longer than 1 year | 70,419 | - |
| | <u>70,419</u> | <u>-</u> |

NOTE 17: EVENTS AFTER 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.

| | 2016 \$ | 2015 \$ |
|---|---------------|---------------|
| NOTE 18: AUDITORS' REMUNERATION | | |
| Remuneration of the auditor of the Company for: | | |
| - Auditing and review of the financial statements | <u>19,950</u> | <u>21,300</u> |

NOTE 19: COMPANY DETAILS

The registered office and principal places of business of the Company are:

Registered office:

18-28 Jemmeson Street
LAKES ENTRANCE VIC 3909

Principal places of business:

18-28 Jemmeson Street
LAKES ENTRANCE VIC 3909

281-285 Main Street
BAIRNSDALE VIC 3875

DIRECTORS' DECLARATION

The board of directors has determined that Gippsland Lakes Community Health is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly this special purpose financial report has been prepared in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

In the opinion of the directors the financial statements set out on pages 9 to 29 present a true and fair view of the financial position of Gippsland Lakes Community Health as at 30 June 2016 and its performance for the year ended on that date. The directors declare that:

1. At the date of this statement, there are reasonable grounds to believe that the Gippsland Lakes Community Health will be able to pay its debts as and when they become due and payable; and
2. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*:



Carol Ross
Chair and Director

Dated this 3rd day of October 2016.

INDEPENDENT AUDITOR'S REPORT

To the Members of Gippsland Lakes Community Health

We have audited the accompanying financial report, being a special purpose financial report of Gippsland Lakes Community Health, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Gippsland Lakes Community Health, would be in the same terms if given to the committee as at the time of the auditor's report.

Opinion

In our opinion the financial report of Gippsland Lakes Community Health is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, 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 directors' financial reporting responsibilities under Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Crowe Horwath Vic

CROWE HORWATH VIC



GORDON ROBERTSON

Partner

Bairnsdale

Date: 18 October 2016