

**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:

<b>Director</b>	<b>Date Appointed/Elected</b>	<b>Date of Resignation/Retirement</b>
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.

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## 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 Mallee 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.

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Information on Directors (continued)

<b>Director's Name:</b>	<b>Ian Dunkley</b>
<b>Position held:</b>	Elected director
<b>Special responsibilities:</b>	Member of Finance Committee (Chair from 12/8/2015)
<b>Qualification:</b>	Qualified Accountant
<b>Experience:</b>	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
<b>Director's Name:</b>	<b>Joanne Booth</b>
<b>Position held:</b>	Appointed director
<b>Special responsibilities:</b>	Member of the Audit and Risk Committee
<b>Qualification:</b>	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)
<b>Experience:</b>	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
<b>Director's Name:</b>	<b>Darryl Andy</b>
<b>Position held:</b>	Appointed director
<b>Special responsibilities:</b>	Nil
<b>Qualification:</b>	Certificate III in Aboriginal Education Assistant Graduate of Stronger Smarter Leadership Institute Training in Family Partnerships, Conflict Management and Building Community Futures
<b>Experience:</b>	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
<b>Director's Name:</b>	<b>Patricia Bryce</b>
<b>Position held:</b>	Elected director – 18/11/14
<b>Special responsibilities:</b>	Chair of Audit and Risk Committee Member of GLCH/BRHS Alliance Committee
<b>Qualification:</b>	Bachelor of Education Registered Nurse and Midwife Certificate in Counselling, Family Planning, Sexual and Reproductive Health
<b>Experience:</b>	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.

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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 13<sup>th</sup> 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**



**GORDON ROBERTSON  
Partner**

Date: 13 October 2016



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

	Note	2016 \$	2015 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
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	-
<b>Total revenue</b>		<b>23,130,025</b>	<b>21,856,055</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>22,103,895</b>	<b>21,553,213</b>
<b>Surplus before income tax</b>		<b>1,026,130</b>	<b>302,842</b>
Income tax expense	1(a)	-	-
<b>Surplus for the year</b>		<b>1,026,130</b>	<b>302,842</b>

The accompanying notes form part of these financial statements.

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

	Note	2016 \$	2015 \$
<b>Surplus for the year</b>		1,026,130	302,842
Other comprehensive income for the year, net of income tax			
- Revaluation of land and buildings		-	281,344
<b>Total comprehensive income for the year</b>		<u>1,026,130</u>	<u>584,186</u>
<b>Surplus attributable to:</b>			
Members of the Company		<u>1,026,130</u>	<u>302,842</u>
<b>Surplus for the year</b>		<u>1,026,130</u>	<u>302,842</u>
<b>Total comprehensive income attributable to:</b>			
Members of the Company		<u>1,026,130</u>	<u>584,186</u>
<b>Total comprehensive income for the year</b>		<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 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
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>
<b>TOTAL CURRENT ASSETS</b>		<b><u>7,129,461</u></b>	<b><u>6,097,691</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	11,412,942	11,069,882
Intangible assets	7	<u>484,758</u>	<u>540,340</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>11,897,700</u></b>	<b><u>11,610,222</u></b>
<b>TOTAL ASSETS</b>		<b><u>19,027,161</u></b>	<b><u>17,707,913</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
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>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>6,567,176</u></b>	<b><u>6,345,336</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	<u>587,154</u>	<u>515,876</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>587,154</u></b>	<b><u>515,876</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>7,154,330</u></b>	<b><u>6,861,212</u></b>
<b>NET ASSETS</b>		<b><u>11,872,831</u></b>	<b><u>10,846,701</u></b>
<b>EQUITY</b>			
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>
<b>TOTAL EQUITY</b>		<b><u>11,872,831</u></b>	<b><u>10,846,701</u></b>

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 \$
<b>Balance at 1 July 2014</b>	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	-	-
<b>Balance at 30 June 2015</b>	<b>7,290,512</b>	<b>1,406,365</b>	<b>2,149,824</b>	<b>10,846,701</b>
<b>Balance at 1 July 2015</b>	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	-	-
<b>Balance at 30 June 2016</b>	<b>8,844,526</b>	<b>878,481</b>	<b>2,149,824</b>	<b>11,872,831</b>

The accompanying notes form part of these financial statements.

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

	Note	2016 \$	2015 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
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)
<b>Net cash provided by operating activities</b>	13	<u><b>1,936,922</b></u>	<u><b>240,872</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net cash used in investing activities</b>		<u><b>(2,320,871)</b></u>	<u><b>(1,394,420)</b></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
<b>Cash and cash equivalents at end of year</b>	3	<u><b>761,201</b></u>	<u><b>1,145,150</b></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.

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**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.



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**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.

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**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.

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**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 \$
<b>NOTE 2: EXPENSES</b>		
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>
<b>NOTE 3: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	758,151	1,142,100
Cash on hand	3,050	3,050
	<u>761,201</u>	<u>1,145,150</u>
<b>NOTE 4: TRADE AND OTHER RECEIVABLES</b>		
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>
<b>NOTE 5: OTHER FINANCIAL ASSETS</b>		
Term deposits	<u>5,500,042</u>	<u>3,977,464</u>
<b>NOTE 6: PROPERTY, PLANT &amp; EQUIPMENT</b>		
<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 \$
<b>NOTE 6: PROPERTY, PLANT &amp; EQUIPMENT (Continued)</b>		
<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 \$
<b>2016</b>				
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>
<b>2015</b>				
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	(71,071)	(15,489)
	<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
	\$	\$
<b>2016</b>		
Balance at 1 July 2015	540,340	540,340
Amortisation	(55,582)	(55,582)
Balance at 30 June 2016	<u>484,758</u>	<u>484,758</u>
<b>2015</b>		
Balance at 1 July 2014	154,892	154,892
Additions	400,937	400,937
Amortisation	(15,489)	(15,489)
Balance at 30 June 2015	<u>540,340</u>	<u>540,340</u>
	<b>2016</b>	<b>2015</b>
	\$	\$

### 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	12,396	15,211
	<u>1,110,889</u>	<u>1,354,363</u>

	2016 \$	2015 \$
<b>NOTE 9: PROVISIONS</b>		
<b>Current</b>		
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>
<b>Non-current</b>		
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>
<b>(1) Current</b>		
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>
<b>(2) Non-current</b>		
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 \$
<b>NOTE 10: UNEXPENDED GRANTS (Continued)</b>		
<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 \$
<b>NOTE 11: GRANTS IN ADVANCE</b>		
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 \$
<b>NOTE 11: GRANTS IN ADVANCE (Continued)</b>		
<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 \$
<b>NOTE 13: RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH SURPLUS FOR THE YEAR</b>		
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.

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	2016 \$	2015 \$
<b>NOTE 18: AUDITORS' REMUNERATION</b>		
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*:



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Carol Ross  
Chair and Director

Dated this 3<sup>rd</sup> 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