# GIPPSLAND LAKES COMMUNITY HEALTH
(ABN 39 041 514 660)

## FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2019

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## DIRECTORS' REPORT

Your directors present this report on the Company for the financial year ended 30 June 2019.

**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 | 30/07/98 | |
| Carol Ross | 22/11/11 | |
| Darryl Andy | 13/05/13 | |
| Patricia Bryce | 18/11/14 | |
| Glenn Hodges | 23/11/15 | |
| Robyn Cooney | 22/11/16 | |
| Nicholas Earley | 23/11/15 | 20/11/18 |
| Judith Congalton | 20/01/16 | 31/12/18 |
| Philip Bogle | 09/06/16 | 12/05/19 |
| Andrew Stuart-Murray | 14/02/19 | |
| James Mulcahy | 30/05/19 | |

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 $2,113,804 (2018: Surplus of $1,565,221).

**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:** | Chair of Finance Committee |
| **Qualification:** | Diploma of Education<br>Graduate Diploma in Electronic Computing<br>Diploma in Metallurgy |
| **Experience:** | Victorian Education Department for 38 years, including 9 years as a Primary School Principal<br>Deputy Chairperson Mallacoota Water Board (4 Yrs)<br>Chairperson East Gippsland Network of Schools (5 Yrs)<br>Chairperson Gippsland Lakes Community Health Board (10+ Yrs) |

| | |
|---|---|
| **Director's Name:** | **Carol Ross** |
| **Position held:** | Elected director |
| **Special responsibilities:** | Chair<br>Member of Finance Committee |
| **Qualification:** | Bachelor of Commerce<br>Diploma of Financial Services<br>Diploma of Management (Human Resources)<br>Diploma in Frontline Management. |
| **Experience:** | Senior Management skills |

| | |
|---|---|
| **Director's Name:** | **Darryl Andy** |
| **Position held:** | Appointed director |
| **Special responsibilities:** | Nil |
| **Qualification:** | Certificate III in Aboriginal Education Assistant<br>Graduate of Stronger Smarter Leadership Institute<br>Training in Family Partnerships, Conflict Management and Building Community Futures |
| **Experience:** | Currently Koori Engagement Support Officer, South Eastern Victoria Region.<br>Previously Koori Educator at the Bairnsdale Secondary College.<br>Lakes Entrance Aboriginal Health Association (LEAHA) Board member.<br>Involved in many Aboriginal forums and networks. |

| | |
|---|---|
| **Director's Name:** | **Patricia Bryce** |
| **Position held:** | Elected director |
| **Special responsibilities:** | Chair of Quality Governance Committee |
| **Qualifications:** | Bachelor of Education<br>Registered Nurse and Midwife<br>Certificate in Consumer Leadership, Family Planning, Sexual and Reproductive Health |
| **Experience:** | Previously on the ethics committee at Howard Florey Institute of Neuroscience and Mental Health and other specialist advisory committees.<br>Past member of the Bairnsdale Regional Health Service community advisory committee.<br>Currently on the Gippsland Primary Health Network community advisory committee. |

**Information on Directors (continued)**

| | |
|---|---|
| **Director's Name:** | **Glenn Hodges** |
| **Position held:** | Elected director |
| **Special responsibilities:** | Vice Chair<br>Member of Quality Governance Committee |
| **Qualifications:** | Bachelor of Jurisprudence<br>Bachelor of Law<br>Diploma of Finance Law |
| **Experience:** | Lawyer who specialises in commercial, business and financial matters, including corporate governance.<br>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:** | **Robyn Cooney** |
| **Position held:** | Elected director |
| **Special responsibilities:** | Member of Quality Governance Committee |
| **Qualifications:** | Bachelor of Arts<br>Diploma's in Education, Business and Marketing. |
| **Experience:** | Varied career in teaching, media, politics, hospitality, management and municipal government. Sound private sector background, coupled with more recent public service roles in the area of strategic development, plans and policy with East Gippsland Shire Council.<br>Volunteer Independent Member of the GLCH Quality Governance Committee prior to election to the Board. |

| | |
|---|---|
| **Director's Name:** | **Nicholas Earley** |
| **Position held:** | Elected director |
| **Special responsibilities:** | Member of Finance Committee |
| **Qualification:** | Bachelor of Arts<br>Graduate Diploma in Accounting<br>Graduate Diploma of Accounting and Finance |
| **Experience:** | Worked in the State Public Service for almost 30 years, including the Department of Treasury and Finance.<br>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:** | **Judith Congalton** |
| **Position held:** | Appointed director |
| **Special responsibilities:** | Member of Quality Governance Committee |
| **Qualification:** | Bachelor of Applied Science – Advanced Nursing and Administration<br>Registered Nurse and Midwife<br>Diploma of Hospital Nursing and Unit Management<br>Graduate of the Australian Institute Company Directors<br>Graduate of Australian School of Management Senior Manager Program<br>Graduate of Mt Eliza Business School Advanced Management Program<br>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.<br>Held positions on a number of health industry Boards.<br>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. |

**Information on Directors (continued)**

| | |
|---|---|
| **Director's Name:** | **Philip Bogle** |
| **Position held:** | Elected director |
| **Special responsibilities:** | Member of Quality Governance Committee |
| **Qualification:** | Senior sergeant and officer in charge of the Lakes Entrance Police Station |
| **Experience:** | Member of the Victorian Police for 37 years. A police officer in Melbourne for 18 years before moving to East Gippsland. Well known in the community and has strong local connections. |

| | |
|---|---|
| **Director's Name:** | **Andrew Stuart-Murray** |
| **Position held:** | Appointed director |
| **Special responsibilities:** | Member of Finance Committee |
| **Qualifications:** | Bachelor of Business Accounting<br>Fellow of CPA Australia |
| **Experience:** | Senior executive and finance roles within commercial enterprises and extensive experience in finance, governance, risk, leadership and strategy. |

| | |
|---|---|
| **Director's Name:** | **James Mulcahy** |
| **Position held:** | Appointed director |
| **Special responsibilities:** | Member of Finance Committee |
| **Qualifications:** | Bachelor of Arts<br>Diploma of Education |
| **Experience:** | Varied career from journalism and public relations to youth work and teaching. Principal at Lucknow Primary School prior to retirement. |

**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 | 6 |
| Carol Ross | 10 | 10 |
| Darryl Andy | 10 | 5 |
| Patricia Bryce | 10 | 7 |
| Glenn Hodges | 10 | 8 |
| Robyn Cooney | 10 | 7 |
| Nicholas Earley | 4 | 2 |
| Judith Congalton | 5 | 4 |
| Philip Bogle | 8 | 6 |
| Andrew-Stuart-Murray | 5 | 5 |
| James Mulcahy | 2 | 2 |

**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 Company**
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 2019 the total amount that members of the Company are liable to contribute if the Company is wound up is $188.

**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 2nd day of October 2019.

**Crowe VIC**
ABN 27 621 602 883
95 MacLeod Street
Bairnsdale VIC 3875
Main +61 (3) 5153 1222
Fax +61 (0) 5152 4372
www.crowe.com.au

# Auditor's Independence Declaration 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 2019, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in respect of the audit.

Crowe Vic

**CROWE VIC**

**GORDON ROBERTSON**
**Partner**
**Date:** 2 October 2018

## STATEMENT OF PROFIT OR LOSS
## FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | | | |
| Government contributions | | | |
| - State government grants | | 15,218,380 | 12,817,061 |
| - Commonwealth government grants | | 2,961,571 | 2,458,895 |
| - Other grants | | 8,338,164 | 7,408,307 |
| Fee for service – agencies | | 5,415,334 | 4,618,701 |
| Fees – clients | | 1,070,491 | 1,010,251 |
| Interest income | | 455,481 | 309,503 |
| Other income | | 2,060,871 | 500,535 |
| Salary reimbursements | | 47,364 | 24,140 |
| Gain on disposal of property, plant and equipment | 2 | 8,443 | - |
| **Total revenue** | | **35,576,099** | **29,147,393** |
| **Expenses** | | | |
| Client costs | | 4,892,005 | 3,209,936 |
| Contract services | | 367,414 | 276,836 |
| Depreciation and amortisation expense | 2 | 637,504 | 593,930 |
| Employee benefits expense | | 24,336,572 | 20,677,531 |
| Health promotion expenses | | 248,590 | 308,646 |
| Information technology expenses | | 513,852 | 642,173 |
| Medical supplies | | 100,809 | 86,498 |
| Motor vehicle expenses | | 366,869 | 321,728 |
| Non-capital equipment purchases | | 158,732 | 13,894 |
| Occupancy costs | | 245,519 | 239,090 |
| Office expense | | 965,174 | 655,602 |
| Professional fees | | 86,172 | 85,446 |
| Repairs and maintenance expenses | | 195,695 | 168,190 |
| Staff expenses | | 347,388 | 290,737 |
| Loss on disposal of property, plant and equipment | 2 | - | 11,935 |
| **Total expenses** | | **33,462,294** | **27,582,172** |
| **Surplus before income tax** | | **2,113,804** | **1,565,221** |
| Income tax expense | 1(a) | **-** | **-** |
| **Surplus for the year** | | **2,113,804** | **1,565,221** |

The accompanying notes form part of these financial statements.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **Surplus for the year** | | **2,113,804** | **1,565,221** |
| Other comprehensive income for the year, net of income tax | | | |
| - Revaluation of land and buildings | | - | 336,512 |
| **Total comprehensive income for the year** | | **2,113,804** | **1,901,733** |
| **Surplus attributable to:** | | | |
| Members of the Company | | 2,113,804 | 1,901,733 |
| **Surplus for the year** | | **2,113,804** | **1,901,733** |
| **Total comprehensive income attributable to:** | | | |
| Members of the Company | | 2,113,804 | 1,901,733 |
| **Total comprehensive income for the year** | | **2,113,804** | **1,901,733** |

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 3 | 4,359,429 | 4,050,361 |
| Trade and other receivables | 4 | 1,288,485 | 538,895 |
| Other financial assets | 5 | 9,706,064 | 9,628,333 |
| **TOTAL CURRENT ASSETS** | | **15,353,978** | **14,217,589** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 6 | 14,348,039 | 11,992,032 |
| Intangible assets | 7 | 676,469 | 582,987 |
| **TOTAL NON-CURRENT ASSETS** | | **15,024,508** | **12,575,019** |
| **TOTAL ASSETS** | | **30,378,486** | **26,792,608** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | 3,012,869 | 1,290,669 |
| Provisions | 9 | 3,751,805 | 3,817,655 |
| Unexpended grants | 10 | 4,919,323 | 4,078,247 |
| Grants received in advance | 11 | 1,367,441 | 2,706,185 |
| **TOTAL CURRENT LIABILITIES** | | **13,051,438** | **11,892,756** |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 9 | 1,020,958 | 707,566 |
| **TOTAL NON-CURRENT LIABILITIES** | | **1,020,958** | **707,566** |
| **TOTAL LIABILITIES** | | **14,072,396** | **12,600,322** |
| **NET ASSETS** | | **16,306,090** | **14,192,286** |
| **EQUITY** | | | |
| Retained surplus | | 10,958,325 | 10,409,745 |
| Development fund | 12(b) | 2,861,429 | 1,296,205 |
| Revaluation reserve | 12(a) | 2,486,336 | 2,486,336 |
| **TOTAL EQUITY** | | **16,306,090** | **14,192,286** |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2019

| | Retained surplus $ | Development fund $ | Revaluation reserve $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2017** | 9,262,248 | 878,481 | 2,149,824 | 12,290,553 |
| Surplus for the year | 1,565,221 | - | - | 1,565,221 |
| Other comprehensive income for the year | - | - | 336,512 | 336,512 |
| Total comprehensive income for the year | 1,565,221 | - | 336,512 | 1,901,733 |
| Transfer to development fund | (417,724) | 417,724 | - | - |
| **Balance at 30 June 2018** | **10,409,745** | **1,296,205** | **2,486,336** | **14,192,286** |
| **Balance at 1 July 2018** | 10,409,745 | 1,296,205 | 2,486,336 | 14,192,286 |
| Surplus for the year | 2,113,804 | - | - | 2,113,804 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | 2,113,804 | - | - | 2,113,804 |
| Transfer to development fund | (1,565,224) | 1,565,224 | - | - |
| **Balance at 30 June 2019** | **10,958,325** | **2,861,429** | **2,486,336** | **16,306,090** |

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Grants received | | 26,020,447 | 23,558,533 |
| Fees received | | 5,736,235 | 5,674,960 |
| Other receipts from customers | | 2,108,235 | 536,610 |
| Payments to suppliers and employees | | (30,892,870) | (26,293,592) |
| Interest received | | 455,481 | 309,503 |
| Net GST received / (paid) | | 37,821 | (184,317) |
| **Net cash provided by operating activities** | 13 | **3,465,349** | **3,601,697** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds on disposal of plant and equipment | | 67,692 | 88,070 |
| Payments for property, plant and equipment | | (2,895,447) | (1,029,095) |
| Payments for intangible assets | | (250,795) | (86,254) |
| Net purchase of investments | | (77,731) | (3,530,971) |
| **Net cash used in investing activities** | | **(3,156,281)** | **(4,558,250)** |
| Net increase / (decrease) in cash and cash equivalents | | 309,068 | (956,553) |
| Cash and cash equivalents at beginning of year | | 4,050,361 | 5,006,914 |
| **Cash and cash equivalents at end of year** | 3 | **4,359,429** | **4,050,361** |

## 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 Company 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) Trade and Other Receivables**
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Information about the impairment of trade receivables and the Company's exposure to credit risk can be found in Note 1(e) and 1(n).

**(d) 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.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (c) Property, Plant and Equipment (Continued)

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.

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 Company 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 | 10%-33.33% | 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.

### (e) Investments and Other Financial Assets

**(1) Classification**

From 1 July 2018, the Company classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through OCI or through profit or loss), and
(ii) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company measures its investments and other financial assets at amortised cost.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Investments and Other Financial Assets (Continued)

**(2) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**(3) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**(4) Impairment**

From 1 July 2018, for trade receivables the Company assesses whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to Note 1(c) and Note 1(n).

The Company has applied AASB 9 retrospectively, but this has not had a material impact the on the comparative information.

Until 30 June 2018, the Company classified its financial assets in the following categories:
(i) financial assets at fair value through profit or loss;
(ii) loans and receivables;
(iii) held-to-maturity investments; and
(iv) available-for-sale financial assets.

**(5) Accounting policies applied until 30 June 2018**

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

*Reclassification*

The Company could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Company could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Company had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

*Subsequent measurement*

The measurement at initial recognition did not change on adoption of AASB 9, see description above. Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

For financial assets at FVPL, gains or losses arising from changes in the fair value were recognised in profit or loss within other gains/(losses).

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Investments and Other Financial Assets (Continued)

*Impairment*

The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

*Assets carried at amortised cost*

For receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss. Refer to Note 1(c) and 1(n).

### (f) Impairment of Assets

At each reporting date, the Company 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 Company 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 Company 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.

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.

### (g) Employee Benefits

Provision is made for the Company'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 Company to an employee superannuation fund and are charged as expenses when incurred.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) 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.

### (i) 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 Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

Where the Company has unspent grants at the end of the financial year and those grants relate to that financial year, the unspent funding is treated as deferred income when funding bodies subsequently confirmed that the unspent portion can be rolled forward to future financial years.

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.

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).

### (j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables, excluding maintenance levy which are GST free, and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (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 Company 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.

*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(i).

*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

*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 Company's policy for allowance for doubtful receivables is based on the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables and considers an assessment of recoverability and ageing analysis of outstanding accounts and management's estimates. The Board of Directors believe that all trade receivables are recoverable with the exception of $5,000 (2018: $5,000) which has been regarded as doubtful.

*Employee benefits provision*

As discussed in Note 1(g), 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 Health and 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 2019. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

| | 2019 $ | 2018 $ |
|---|---|---|
| **NOTE 2: EXPENSES** | | |
| Included in expenses are the following: | | |
| *Depreciation and amortisation expense:* | | |
| - Buildings | 181,756 | 183,135 |
| - Plant and equipment | 161,181 | 111,211 |
| - Motor vehicles | 205,311 | 235,170 |
| - Software | 89,256 | 64,414 |
| | 637,504 | 593,930 |
| *Operating lease expenses:* | | |
| - Residential accommodation | 49,575 | 60,698 |
| - Vehicle leases | 85,344 | 70,677 |
| | 134,919 | 131,375 |
| (Gain)/Loss on disposal of property, plant and equipment | (8,443) | 11,935 |

## NOTE 3: CASH AND CASH EQUIVALENTS

| | 2019 $ | 2018 $ |
|---|---|---|
| Cash at bank | 4,355,879 | 4,046,961 |
| Cash on hand | 3,550 | 3,400 |
| | 4,359,429 | 4,050,361 |

## NOTE 4: TRADE AND OTHER RECEIVABLES

| | 2019 $ | 2018 $ |
|---|---|---|
| Trade receivables | 829,013 | 364,278 |
| Less: Provision for impairment of receivables | (5,000) | (5,000) |
| | 824,013 | 359,278 |
| Other receivables | 464,472 | 179,617 |
| | 1,288,485 | 538,895 |

## NOTE 5: OTHER FINANCIAL ASSETS

| | 2019 $ | 2018 $ |
|---|---|---|
| Term deposits | 9,706,064 | 9,628,333 |

## NOTE 6: PROPERTY, PLANT & EQUIPMENT

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| *Land:* | | |
| At fair value | 3,287,500 | 3,287,500 |
| At cost | 158,500 | - |
| | 3,446,000 | 3,287,500 |
| *Buildings:* | | |
| Buildings at fair value | 7,099,500 | 7,099,500 |
| Buildings at cost | 214,567 | - |
| Leasehold improvements – Bruthen | 16,322 | 16,322 |
| Leasehold improvements – Children's Centre | 27,500 | - |
| Accumulated depreciation | (181,756) | - |
| | 7,176,133 | 7,115,822 |
| *Total land and buildings* | 10,622,133 | 10,403,322 |
| *Plant and equipment:* | | |
| At cost | 1,599,832 | 1,330,103 |
| Accumulated depreciation | (1,064,839) | (922,152) |
| | 534,993 | 407,951 |
| *Motor vehicles:* | | |
| At cost | 1,627,401 | 1,625,217 |
| Accumulated depreciation | (723,240) | (604,155) |
| | 904,161 | 1,021,062 |
| Work in progress – buildings | 2,168,420 | 159,697 |
| Work in progress - other | 118,332 | - |
| *Total work in progress* | 2,286,752 | 159,697 |
| Total property, plant and equipment | 14,348,039 | 11,992,032 |

## NOTE 6: PROPERTY, PLANT & EQUIPMENT (Continued)

### 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 $ | Work-in-progress $ | Total $ |
|---|---|---|---|---|---|
| **2019** | | | | | |
| Balance at 1 July 2017 | 10,403,322 | 407,951 | 1,021,062 | 159,697 | 11,992,032 |
| Additions | 400,567 | 221,671 | 146,154 | 2,127,055 | 2,895,447 |
| Transfer from intangibles | - | 68,057 | - | - | 68,057 |
| Disposals | - | (1,505) | (57,744) | - | (59,249) |
| Depreciation | (181,756) | (161,181) | (205,311) | - | (548,248) |
| Balance at 30 June 2018 | 10,622,133 | 534,993 | 904,161 | 2,286,752 | 14,348,039 |
| **2018** | | | | | |
| Balance at 1 July 2017 | 9,874,680 | 252,924 | 1,128,342 | - | 11,255,946 |
| Additions | 375,265 | 268,501 | 225,632 | 159,697 | 1,029,095 |
| Revaluation | 336,512 | - | - | - | 336,512 |
| Disposals | - | (2,263) | (97,742) | - | (100,005) |
| Depreciation | (183,135) | (111,211) | (235,170) | - | (529,516) |
| Balance at 30 June 2018 | 10,403,322 | 407,951 | 1,021,062 | 159,697 | 11,992,032 |

### Fair value of land and buildings

Land and buildings were revalued by Lee Property Valuers and Advisors, 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 2018. Land and buildings acquired during the year has been recorded at the purchase cost which is deemed to approximate fair value.

## NOTE 7: INTANGIBLE ASSETS

| | 2019 $ | 2018 $ |
|---|---|---|
| *Software:* | | |
| At cost | 960,057 | 777,319 |
| Accumulated amortisation | (283,588) | (194,332) |
| | 676,469 | 582,987 |

### 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 $ |
|---|---|---|
| **2019** | | |
| Balance at 1 July 2018 | 582,987 | 582,987 |
| Additions | 250,795 | 250,795 |
| Transfer to property, plant and equipment | (68,057) | (68,057) |
| Amortisation | (89,256) | (89,256) |
| Balance at 30 June 2019 | 676,469 | 676,469 |
| **2018** | | |
| Balance at 1 July 2017 | 561,147 | 561,147 |
| Additions | 86,254 | 86,254 |
| Amortisation | (64,414) | (64,414) |
| Balance at 30 June 2018 | 582,987 | 582,987 |

## NOTE 8: TRADE AND OTHER PAYABLES

| | 2019 $ | 2018 $ |
|---|---|---|
| **Current** | | |
| *Unsecured liabilities* | | |
| Trade payables | 2,162,744 | 289,895 |
| Net GST payable | 414,550 | 376,729 |
| Accrued expenses and other payables | 422,969 | 611,439 |
| Trust scholarship | 12,606 | 12,606 |
| | 3,012,869 | 1,290,669 |

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **NOTE 9: PROVISIONS** | | |
| **Current** | | |
| Annual leave | 1,592,640 | 1,402,958 |
| Accrued salaries | 413,672 | 808,457 |
| Accrued days off and professional development leave | 119,255 | 111,033 |
| Salary clearing accounts | 7,181 | 5,720 |
| Long service leave | 1,619,057 | 1,489,487 |
| | 3,751,805 | 3,817,655 |
| **Non-current** | | |
| Long service leave | 1,020,958 | 707,566 |
| Total provisions | 4,772,763 | 4,525,221 |
| **(1) Current** | | |
| Unconditional and expected to be settled within 12 months | 2,262,318 | 2,442,023 |
| Unconditional and expected to be settled after 12 months | 1,489,487 | 1,375,632 |
| | 3,751,805 | 3,817,655 |
| **(2) Non-current** | | |
| Conditional long service leave entitlements | 1,020,958 | 707,566 |

## NOTE 10: UNEXPENDED GRANTS

| | 2019 | 2018 |
|---|---|---|
| **Current** | | |
| Unexpended grants | 4,919,323 | 4,078,247 |

Unexpended grants represent program funds that are all committed for expensing in future financial periods.

## NOTE 11: GRANTS IN ADVANCE

| | 2019 | 2018 |
|---|---|---|
| **Current** | | |
| Grants in advance | 1,367,441 | 2,706,185 |

## 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:

| | 2019 | 2018 |
|---|---|---|
| Land | 1,184,270 | 1,184,270 |
| Buildings | 1,302,066 | 1,302,066 |
| | 2,486,336 | 2,486,336 |

**(b) Development Fund**

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

| | 2019 $ | 2018 $ |
|---|---|---|

## NOTE 13: RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH SURPLUS FOR THE YEAR

| | 2019 $ | 2018 $ |
|---|---|---|
| Surplus for the year | 2,113,804 | 1,565,221 |
| *Non-cash flows from operations:* | | |
| Depreciation and amortisation expense | 637,504 | 593,930 |
| (Gain) / Loss on disposal of property, plant and equipment | (8,443) | 11,935 |
| Changes in assets and liabilities: | | |
| (Increase) / Decrease in trade and other receivables | (749,590) | 46,008 |
| Increase / (Decrease) in trade and other payables | 1,722,200 | (275,919) |
| Increase in provisions | 247,542 | 786,252 |
| Increase in unexpended grants | 841,076 | 914,282 |
| Decrease in grants in advance | (1,338,744) | (40,012) |
| | 3,465,349 | 3,601,697 |

## NOTE 14: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at reporting date (30 June 2018: $nil).

## NOTE 15: COMMITMENTS

### (a) Operating lease commitments

Operating leases relate to seven vehicle leases and one property lease (2018: seven vehicle leases) commitments as follows:

| | 2019 $ | 2018 $ |
|---|---|---|
| Not longer than 1 year | 35,167 | 105,280 |
| One to five years | 18,971 | 63,317 |
| | 54,138 | 168,597 |

## NOTE 16: 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.

## NOTE 17: AUDITORS' REMUNERATION

| | 2019 $ | 2018 $ |
|---|---|---|
| Remuneration of the auditor of the Company for: | | |
| - Auditing and review of the financial statements | 21,750 | 21,115 |

## NOTE 18: 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 8 to 26 present a true and fair view of the financial position of Gippsland Lakes Community Health as at 30 June 2019 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 day of October 2019.

## 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 8 to 26 present a true and fair view of the financial position of Gippsland Lakes Community Health as at 30 June 2019 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 2nd day of October 2019.

**Crowe VIC**
ABN 27 621 602 883
95 MacLeod Street
Bairnsdale VIC 3875
Main +61 (3) 5153 1222
Fax +61 (0) 5152 4372
www.crowe.com.au

# Independent Auditor's Report to the Members of Gippsland Lakes Community Health

## Opinion

We have audited the financial report of Gippsland Lakes Community Health (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company has been prepared 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 2019 and of its financial performance and cash flows for the year then ended; 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 for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members, the *Corporations Act 2001* and the *ACNC Act* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.

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

- Concludes on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe Vic

**CROWE VIC**

**GORDON ROBERTSON**
**Partner**
Signed in Bairnsdale this 2nd day of October 2019.