



# Grampians Community Health

ABN 41 831 668 189

Financial Statements for the year ended 30 June 2021

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Contents

For the year ended 30 June 2021

	Page
Directors' Report	1 – 4
Auditor's Independence Declaration	5
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 33
Directors' Declaration	34
Independent Auditor's Report	35 – 36

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## **Directors' Report For the year ended 30 June 2021**

Your Directors present this report on Grampians Community Health ("GCH") for the financial year ended 30 June 2021.

### **Directors**

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

Ms. Melissa Morris  
Mr. Graham Parkes  
Mr. David Baird  
Ms. Joanne Richie (leave of absence from 1 July 2020 prior to termination of appointment ended 15 December 2020)  
Ms. Helen Francis (resigned 15 December 2020)  
Ms. Seena Papalia  
Ms. Tammy Schoo  
Mr. Paul Margetts  
Mrs. Naomi Goode (appointed 15 December 2020)  
Ms. Simone O'Brien (appointed 15 December 2020)  
Mr. Marc Thomas (appointed 15 December 2020 and resigned on 9 March 2021)

### **Principal activities**

The principal activity of GCH for the year ended 30 June 2021 is to provide coordinated health and community services to the people within the Central Grampians and Wimmera Sub-Regions.

In response to the COVID-19 pandemic, GCH had to quickly implement remote and virtual services such as telehealth appointments, individual online and group online programs. Challenges overcome during the year included a change to the delivery of work by implementing work-from-home protocols, a constrained supply chain of Personal Protection Equipment (PPE), social distancing and physical safety changes required at service sites and workforce impacts resulting from home schooling and COVID-19 testing wait periods.

### **Short term and long-term objectives**

*The Company's short-term objectives are:*

- a. Providing direct relief of poverty, sickness, suffering, distress, misfortune, disability or helplessness, to the public, through the direct provision to the community of health and related services.
- b. Ensuring that all members of the community are equally able to access the Company's sites and service in line with the guiding principles of equality, choice, diversity and non-discrimination.
- c. Involving the community in the planning and development of appropriate and flexible services and programs.

*The Company's long-term objectives are:*

- a. Pursuing quality leading practice with an emphasis on the principles of continuous quality improvement and best practice.
- b. Resourcing and networking with individuals, including health practitioners, community groups and organisations with the aim of promoting better health outcomes.
- c. Managing the Company and its available resources both efficiently and effectively to ensure sustainability of the company against a quadruple bottom line of financial, environmental, social and quality/ethical management.
- d. Investing, raising and borrowing funds to purchase, lease or acquire real and personal property for all or any of the foregoing purposes.
- e. Establishing and maintaining a public gift fund and to apply for and do all things necessary to maintain endorsement as a Deductible Gift Recipient and an Income Tax Exempt entity or fund, and to obtain Fringe Benefits Tax exemption in accordance with the *Income Tax Assessment Act 1997*.
- f. Raising money to further the aims of the Company and securing sufficient funds for the purposes of the Company.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Directors' Report For the year ended 30 June 2021

### Short term and long term objectives (cont.)

- g. Receiving and distributing any funds in a manner that best achieves the objectives of the Company.
- h. Maintaining registration as a registered community health centre under the *Health Services Act 1988 (Vic)* (as amended).
- i. Providing clients with a wide range of treatment options and health information to assist them to make responsible decisions about their own health and wellbeing.
- j. Developing a range of community-based health and welfare services and programs based on evaluation of sub-regional needs including obtaining sustainable resources for new programs and existing programs.
- k. Undertaking regular needs assessment and monitoring of identified priorities for individual clients and whole communities.

### Strategies

- Undertaking service development in key areas aimed at optimising the health and wellbeing of individuals and communities, utilising a strength building approach based on engagement and respect.
- Strengthening the capacity of GCH to ensure the sustainability of the services, programs and projects developed.
- Providing leadership in developing a quality service using health promotion, early intervention, partnerships, service coordination and program evaluation whilst maintaining respect for client choice.
- Benchmarking and subjecting GCH to rigorous external evaluation to ensure quality and excellence.
- Identifying and responding to community needs and trends for service delivery, programs and projects, matching those with government and other funding source policy.
- Enshrining a process of meaningful community/membership involvement and consultation at all levels of GCH Programs/Projects, Teams, Management and Board with a respectful bias toward minority groups in our community.

### Key performance measures

- The collection of data to ensure that program targets are met as measured against Funding Agreements.
- The completion of funding acquittals with accompanying data for funding bodies.
- The development of work plans to direct and monitor service outcomes.
- Participation in the People Matter Survey which focuses on staff wellbeing and organisational effectiveness.
- Consumer surveys.

### Information on directors

<b>Ms. Melissa Morris</b>	Chairperson from November 2019
Qualification	Bachelor of Science (Australian Environmental Studies), Graduate Diploma of Urban & Regional Planning
Experience	Board member since 2017
Special Responsibilities	Ms. Morris is a member of the Strategic Planning Sub Committee and the Finance & Risk Committee
<b>Mr. Graham Parkes</b>	Chairperson until November 2019 Deputy Chairperson from November 2019
Qualification	Certificate of Applied Science (Resource Management) Level 3 Incident Controller, Level 3 Operations Officer, Level 3 Planning Officer
Experience	Board member since 2011, Appointed Deputy Chairperson 2014, 2015, Appointed Chairperson 2016, 2017, 2018
Special Responsibilities	Mr. Parkes is a member of the Finance & Risk Committee

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Directors' Report For the year ended 30 June 2021

### Information on directors (cont.)

<b>Mr. David Baird</b>	Treasurer
Qualification	Bachelor of Business (Accounting), Certified Practicing Accountant
Experience	Board member since 2017, appointed Treasurer 2018
Special Responsibilities	Mr. Baird is a member of the Finance & Risk Sub Committee
<b>Ms. Joanne Richie</b>	Director
Qualification	Bachelor of Occupational Therapy (Honours) GAICD
Experience	Board member since 2011, Appointed Deputy Chairperson 2012, Chairperson 2014, 2015, 2016, Resigned 15 December 2020
<b>Ms. Helen Francis</b>	Director
Qualification	Bachelor of Arts / Diploma Social Studies
Experience	Board member since 2015, Resigned 15 December 2020
<b>Ms. Seena Papalia</b>	Director
Qualification	Diploma of Nursing, Certificate of Palliative Care
Experience	Board member since 2015
<b>Ms. Tammy Schoo</b>	Deputy Chairperson from November 2019
Qualification	Bachelor of Arts Nature Tourism, Accredited Fire Operations Officer, Incident Liaison Officer
Experience	Board member since 2018
<b>Mr. Paul Margetts</b>	Deputy Chairperson from December 2020
Qualification	Victoria Police Superintendent
Experience	Board member since 2019
<b>Mrs. Naomi Goode</b>	Director
Qualification	Director Communities, Northern Grampians Shire Council
Experience	Board member since 2020
<b>Ms. Simone O'Brien</b>	Director
Qualification	Family Violence Victim Survivor
Experience	Board member since 2020
<b>Mr. Marc Thomas</b>	Director from December 2020 until March 2021
Qualification	Diploma of Community Services, Diploma of Human Resources Management.
Experience	Board Member since December 2020

### Meetings of directors

During the financial year 6 meetings of directors were held. Attendances by each director were as follows:

	Directors' meetings	
	Number eligible to attend	Number attended
Ms. Melissa Morris	6	6
Mr. Graham Parkes	6	5
Mr. David Baird	6	5
Ms. Joanne Richie	0	0
Ms. Helen Francis	3	3
Ms. Seena Papalia	6	4
Ms. Tammy Schoo	6	5

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Directors' Report For the year ended 30 June 2021

	Directors' meetings	
	Number eligible to attend	Number attended
Mr. Paul Margetts	6	4
Mrs. Naomi Goode	4	4
Ms. Simone O'Brien	4	1
Mr. Marc Thomas	2	2

### Company secretary

Mr. Greg Little was appointed as CEO in August 2017 and appointed Company Secretary on 14 August 2017.

### Member's guarantee

GCH is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up is limited to \$1 per member subject to the provisions of the company's constitution.

At 30 June 2021 the collective liability of members was \$21.

### 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 GCH.

### Proceedings on behalf of the company

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

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

### After balance date events

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of GCH, or the results of those operations.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 60-45 of the *Australian Charities and Not-for-profits Commission Act 2012*.

On behalf of the directors:



Name: Melissa Morris  
Position: Chair  
Date: 20<sup>th</sup> December 2021



Name: David Baird  
Position: Treasurer  
Date: 20<sup>th</sup> December 2021

## Auditor-General's Independence Declaration

### To the Board of Directors, Grampians Community Health

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

### *Independence Declaration*

As auditor for Grampians Community Health for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.



MELBOURNE  
21 December 2021

Travis Derricott  
*as delegate for the Auditor-General of Victoria*

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

**Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2021**

	Note	2021 \$	2020 \$ (Restated)
<b>Revenue and income</b>			
Grants received	2.1	9,725,843	9,295,943
Services revenue	2.2	10,503,063	6,986,550
Investment income	2.3	398,812	349,489
Other income	2.4	18,169	72,081
Gain on the disposal of fixed assets		32,299	57,081
<b>Total revenue and income</b>		<b><u>20,678,186</u></b>	<b><u>16,761,144</u></b>
<b>Expenditure</b>			
Employee benefits expense	3.1	(10,749,933)	(9,205,267)
Suppliers	3.2	(9,138,496)	(6,528,435)
Depreciation expense	4.3	(363,571)	(398,111)
Finance costs		(51,014)	(61,122)
Share of net losses of joint venture		-	(24,623)
Impairment of GRHA investment		-	(359,170)
<b>Total expenditure</b>		<b><u>(20,303,014)</u></b>	<b><u>(16,576,728)</u></b>
<b>Surplus from operations before income tax</b>		<b>375,172</b>	<b>184,416</b>
Income tax expense		-	-
<b>Surplus from operations after income tax</b>		<b><u>375,172</u></b>	<b><u>184,416</u></b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to surplus or deficit:</i>			
Gain on the revaluation of land and buildings		-	28,859
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b><u>28,859</u></b>
<b>Total comprehensive income for the year</b>		<b><u>375,172</u></b>	<b><u>213,275</u></b>

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Statement of Financial Position As at 30 June 2021

	Note	2021 \$	2020 \$ (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.1	1,404,082	1,231,414
Trade and other receivables	5.1	463,890	378,378
Financial assets	4.4	4,805,250	4,206,295
Contract assets	5.2	213,014	4,958
<b>Total Current Assets</b>		<b>6,886,236</b>	<b>5,821,045</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4.1	1,672,808	1,793,573
Right-of-use assets	4.2	792,714	920,294
<b>Total Non-Current Assets</b>		<b>2,465,522</b>	<b>2,713,867</b>
<b>TOTAL ASSETS</b>		<b>9,351,758</b>	<b>8,534,912</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	5.3	720,939	499,277
Contract liabilities	5.4	450,784	371,754
Employee benefits provision	3.3	1,390,849	1,371,329
Lease liabilities	6.2	126,372	105,596
Monies held in trust	6.4	1,434,784	1,199,979
<b>Total Current Liabilities</b>		<b>4,123,728</b>	<b>3,547,935</b>
<b>Non-Current Liabilities</b>			
Employee benefits provision	3.3	476,159	490,803
Lease liabilities	6.2	729,353	848,828
<b>Total Non-Current Liabilities</b>		<b>1,205,512</b>	<b>1,339,631</b>
<b>TOTAL LIABILITIES</b>		<b>5,329,240</b>	<b>4,887,566</b>
<b>NET ASSETS</b>		<b>4,022,518</b>	<b>3,647,346</b>
<b>EQUITY</b>			
Reserves	8.5	174,767	174,767
Retained surplus		3,847,751	3,472,579
<b>TOTAL EQUITY</b>		<b>4,022,518</b>	<b>3,647,346</b>

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

**Statement of Changes in Equity  
For the year ended 30 June 2021**

	<b>Retained surplus</b>	<b>Asset revaluation reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>	4,187,183	145,908	4,333,091
Impact of prior year restatement	(899,020)	-	(899,020)
<b>Adjusted balance at 1 July 2019</b>	3,288,163	145,908	3,434,071
Surplus for the year	184,416	-	184,416
Other comprehensive income	-	28,859	28,859
<b>Balance at 30 June 2020</b>	<b>3,472,579</b>	<b>174,767</b>	<b>3,647,346</b>
<b>Balance at 1 July 2020</b>	3,472,579	174,767	3,647,346
Surplus for the year	375,172	-	375,172
<b>Balance at 30 June 2021</b>	<b>3,847,751</b>	<b>174,767</b>	<b>4,022,518</b>

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

**Statement of Cash Flows**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from grants and other income (including GST)		21,403,666	17,455,567
Payments to suppliers and employees (including GST)		(20,523,514)	(16,938,487)
Dividends received		8,447	-
Interest received		35,473	111,522
Interest paid		(51,014)	(61,122)
<b>Net cash generated by operating activities</b>	6.1.1	<b><u>874,058</u></b>	<b><u>567,480</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of property, plant and equipment		32,299	96,529
Purchase of property, plant, equipment and software		(115,226)	(174,063)
Reinvestment in financial assets		(519,764)	(75,956)
<b>Net cash used in investing activities</b>		<b><u>(602,691)</u></b>	<b><u>(153,490)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(98,699)	(93,450)
<b>Net cash used in finance activities</b>		<b><u>(98,699)</u></b>	<b><u>(93,450)</u></b>
Net increase in cash and cash equivalents		172,668	320,540
Cash and cash equivalents at the beginning of the year		1,231,414	910,874
<b>Cash and cash equivalents at the end of the year</b>	6.1	<b><u>1,404,082</u></b>	<b><u>1,231,414</u></b>

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 1: Summary of significant accounting policies

The financial statements are for Grampians Community Health (“GCH”) as an individual entity, incorporated and domiciled in Australia. GCH is a company limited by guarantee.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

#### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and associated regulations. GCH is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared on a going concern basis.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying GCH’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant notes.

#### a) 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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the company’s normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company’s normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

#### Prepayments

Other assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### b) 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*.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### c) 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 Australian Taxation Office (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other 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 ATO, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

### d) Correction of prior period error

GCH has identified a prior period error, explained below: Given the material nature of the error, the financial statements for the year ended 30 June 2020 have been restated in accordance with AASB 108: Accounting Policies, Changes in accounting Estimates and Errors. The financial statements have been amended and certain comparative figures have been restated as follows.

The error arose from the failure to include the 2020 home care packages balance of \$1,199,979 as a current liability in the 2020 financial statements. The impact is shown below:

	For the year ended 30 June 2020 (as previously presented)	Restatement	For the year ended 30 June 2020 (restated)
	\$		\$
Opening retained surplus	4,187,183	(899,020)	3,288,163
Services revenue	7,287,509	(300,959)	6,986,550
Total revenue	17,062,103	(300,959)	16,761,144
Surplus from operations after income tax	485,375	(300,959)	184,416
Total comprehensive income for the year	514,234	(300,959)	213,275
<b>Current Liabilities</b>			
Monies held in trust	-	1,199,979	1,199,979
Total Liabilities	3,687,587	1,199,979	4,887,566
Net Assets/Equity	4,847,325	(1,199,979)	3,647,346

There are no changes to the Statement of Cash Flows.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 2 Funding Delivery of Our Services

GCH's overall objective is to provide coordinated health and community services to the people within the Central Grampians and Wimmera Sub-Regions. To enable GCH to fulfil its objective it receives income mainly based on government funding. GCH also receives income from the supply of services as outlined in the statement of profit or loss and other comprehensive income.

- 2.1: Grants received
- 2.2: Services revenue
- 2.3: Investment income
- 2.4: Other income

	2021 \$	2020 \$ (Restated)
<b>Note 2.1: Grants received</b>		
Commonwealth recurrent grants	569,072	454,362
State recurrent grants	6,895,657	6,662,518
State non-recurrent grants	150,150	106,695
State capital grants	-	12,580
Local recurrent grants	-	48,712
Non-government grants	2,088,075	1,874,512
Funding from other teams	-	24,757
Grants from general government budget sector	22,889	11,807
Cashflow boost funding – COVID-19	-	100,000
<b>Total grants received</b>	<b>9,725,843</b>	<b>9,295,943</b>
<b>Note 2.2: Services revenue</b>		
Rending of services	10,503,063	6,986,550
<b>Total services revenue</b>	<b>10,503,063</b>	<b>6,986,550</b>
<b>Note 2.3: Investment income</b>		
Dividends	68,917	-
Unrealised gain on JB Were investment	79,191	-
Interest on deposits	22,331	79,206
Rent income from office space	228,373	270,283
<b>Total investment income</b>	<b>398,812</b>	<b>349,489</b>
<b>Note 2.4: Other income</b>		
Donations and sponsorships	11,156	52,907
Reimbursements	6,603	3,030
Other capital income	410	16,144
<b>Total other income</b>	<b>18,169</b>	<b>72,081</b>
<b>Total revenue and other income</b>	<b>20,645,887</b>	<b>16,704,063</b>

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 2 Funding Delivery of Our Services (cont.)

#### Revenue recognition

##### *Grant funding and economic dependence*

GCH is dependent upon both the State, Federal and Local Governments for the large portion of its revenue, with revenue from Departments constituting approximately 39% (2020: 43%) of GCH's total revenue. At the date of this report the Board of Directors has no reason to believe the Departments will not continue to support GCH.

When GCH obtains control of a government grant, it recognises the associated asset in accordance with the applicable Australian Accounting Standard. In addition, GCH recognises the following 'related amounts', when applicable:

- any related contributions by owners, customer contract liabilities, financial liabilities and other liabilities and revenue, measured in accordance with the applicable Australian Accounting Standards;
- any liabilities for obligations arising from transfers to enable GCH to acquire or construct non-financial assets to be controlled by GCH; and
- donation income, representing the residual amount of the resources received.

As per AASB 1058, a related amount is accounted for as a customer contract liability in line with AASB 15 when, and only when, the associated agreement with the grantor:

- creates enforceable rights and obligations between the parties; and
- includes a promise by GCH to transfer a good or service that is sufficiently specific for GCH to determine when the obligation is satisfied.

If an agreement is classified as a contract with a customer, it is accounted for consistent with AASB 15, which requires GCH to:

- identify the performance obligation(s) under the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligation(s) under the contract; and
- recognise revenue when (or as) GCH satisfies the performance obligation(s).

For contracts with customers that comprise a donation component, GCH treats such components as part of the performance obligation(s) unless GCH can demonstrate that component is not related to the promised goods or services.

Income from government grants meets the necessary criteria to be accounted for as revenue from contracts with customers under AASB 15. Performance obligations arising from contracts for government grants are generally satisfied over time, as GCH meets the relevant criteria to retain the associated funding. The methods used to measure GCH's progress towards achieving its performance obligations arising from its contracts for government grants are either inputs or outputs based.

##### *Services revenue*

*Client services revenue* is recognised at a point in time upon the delivery of the service to customers. In the case of client services revenue, the delivery of the services is considered the performance obligation. This includes services in relation to Medicare Benefits Schedule (MBS) and National Disability Insurance Scheme (NDIS) revenue in relation to a range of services provided to customers including but not limited to:

- Aboriginal support services
- Alcohol and drugs services
- Community aged care and disability support
- Community development
- Community mental health
- Community nurses
- Counselling
- Family violence
- Gambling
- Intake support
- Homelessness

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## **Notes to the Financial Statements For the year ended 30 June 2021**

### **Note 2 Funding Delivery of Our Services (cont.)**

#### **Revenue recognition (cont.)**

##### *Rental income*

Rental income from leasing of premises which are operating leases are recognised on a straight-line basis over the lease term. Room hire income is recognised once the room has been utilised.

##### *Interest*

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

##### *Contributions*

Donations and bequests are recognised as income when received.

#### **Critical accounting estimates and judgments: Revenue**

In relation to the recognition of revenue under AASB 15, key judgements include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.

Estimation uncertainty include determining the transaction prices (estimating variable consideration, adjusting the consideration for the time value of money and measuring non-cash considerations), allocating the transaction price, including estimating stand-alone selling prices and allocating discounts and variable consideration.

In relation to the recognition of revenue under AASB 1058, key judgements include the determination of the applicable standard, through an assessment of the specificity of the performance obligations in any enforceable agreement.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 3 The Cost of Delivering Services

This section provides an account of the expenses incurred by GCH in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

- 3.1: Employee benefits
- 3.2: Operating expenses
- 3.3: Employee benefits in the statement of financial position

	2021 \$	2020 \$
<b>Note 3.1: Employee benefits</b>		
Wages and salaries (including leave)	9,480,324	8,189,874
Superannuation	849,004	766,845
Other employee expenses	361,458	208,040
Workers compensation premiums	59,147	40,508
<b>Total employee benefits</b>	<b>10,749,933</b>	<b>9,205,267</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, and WorkCover premiums. Contributions are made by GCH to an employee superannuation fund and are charged as expenses when incurred.

#### Note 3.2: Operating expenses

Administration expenses	250,941	228,429
Program expenses	8,110,770	5,469,170
Occupancy costs	269,025	254,189
Information technology costs	427,281	414,413
Motor vehicle expenses	80,479	162,234
<b>Total operating expenses</b>	<b>9,138,496</b>	<b>6,528,435</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. Other operating expenses are recognised as an expense in the reporting period in which they are incurred.

#### Note 3.3: Employee benefits in the statement of financial position

##### Current

Annual leave	741,629	698,700
Long service leave	649,220	672,629
<b>Total current employee benefit provisions</b>	<b>1,390,849</b>	<b>1,371,329</b>

##### Non-Current

Long service leave	476,159	490,803
<b>Total non-current employee benefit provisions</b>	<b>476,159</b>	<b>490,803</b>
<b>Total employee benefit provisions</b>	<b>1,867,008</b>	<b>1,862,132</b>

Provision is made for the GCH's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**Notes to the Financial Statements  
For the year ended 30 June 2021**

**Note 3 The Cost of Delivering Services (cont.)**

**Note 3.3: Employee benefits in the statement of financial position (cont.)**

**Critical accounting estimates and judgments: Employee benefits**

As discussed above, 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.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 4 Key Assets to Support Service Delivery

GCH controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources to be utilised for delivery of those outputs.

- 4.1: Property, plant and equipment
- 4.2: Right-of-use assets
- 4.3: Depreciation
- 4.4: Other financial assets

	2021	2020
	\$	\$
<b>Note 4.1: Property, plant and equipment</b>		
<i>Non-Current</i>		
<i>i) Gross carrying amount and accumulated depreciation</i>		
<i>Land and buildings</i>		
Land at independent valuation (2020)	60,000	60,000
<b>Total land</b>	<b>60,000</b>	<b>60,000</b>
Buildings at independent valuation (2020)	160,000	160,000
Less accumulated depreciation	(4,800)	-
<b>Total buildings</b>	<b>155,200</b>	<b>160,000</b>
Leasehold improvements at cost	1,290,132	1,290,132
Less accumulated depreciation	(314,472)	(255,892)
<b>Total leasehold improvements</b>	<b>975,660</b>	<b>1,034,240</b>
<b>Total buildings</b>	<b>1,130,860</b>	<b>1,194,240</b>
<b>Total land and buildings</b>	<b>1,190,860</b>	<b>1,254,240</b>
<i>Plant and Equipment</i>		
Furniture and equipment at cost	2,458,481	2,101,870
Less accumulated depreciation	(2,266,873)	(1,949,377)
<b>Total furniture and equipment</b>	<b>191,608</b>	<b>152,493</b>
Motor vehicles at cost	821,000	821,000
Less accumulated depreciation	(530,660)	(434,160)
<b>Total motor vehicles</b>	<b>290,340</b>	<b>386,840</b>
<b>Total plant and equipment</b>	<b>481,948</b>	<b>539,333</b>
<b>Total property, plant &amp; equipment</b>	<b>1,672,808</b>	<b>1,793,573</b>

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

**Notes to the Financial Statements  
For the year ended 30 June 2021**

**Note 4 Key Assets to Support Service Delivery (cont.)**

**Note 4.1: Property, plant and equipment (cont.)**

*ii) Reconciliations of carrying amounts of each class of asset*

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
<b>Year ended 30 June 2021</b>						
Balance at the beginning of year	60,000	160,000	1,034,240	152,493	386,840	1,793,573
Additions	-	-	-	115,226	-	115,226
Depreciation expense	-	(4,800)	(58,580)	(76,111)	(96,500)	(235,991)
<b>Balance at the end of the year</b>	<b>60,000</b>	<b>155,200</b>	<b>975,660</b>	<b>191,608</b>	<b>290,340</b>	<b>1,672,808</b>
<b>Year ended 30 June 2020</b>						
Balance at the beginning of year	60,000	135,341	1,093,166	235,840	376,283	1,900,630
Additions	-	-	-	25,683	148,380	174,063
Disposals at written down value	-	-	-	-	(39,448)	(39,448)
Revaluation	-	28,859	-	-	-	28,859
Depreciation expense	-	(4,200)	(58,926)	(109,030)	(98,375)	(270,531)
<b>Balance at the end of the year</b>	<b>60,000</b>	<b>160,000</b>	<b>1,034,240</b>	<b>152,493</b>	<b>386,840</b>	<b>1,793,573</b>

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 4 Key Assets to Support Service Delivery (cont.)

#### Note 4.1: Property, plant and equipment (cont.)

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

##### *Property*

Freehold land and buildings are shown at their fair value based on periodic, but at least every 3 years, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations may occur more frequently if fair value assessments indicate material changes in values. An independent valuation of GCH's land and buildings was performed by Preston Rowe Paterson with the effective date of 30 June 2020. Valuations are based on a market value which is a level 2 input. The impact of COVID-19 did not materially affect the valuation of land and buildings as evidenced by the updated valuation obtained.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the statement of profit or loss and other comprehensive income and accumulated in the property asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of asset shall be recognised in the statement of profit or loss and other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of profit or loss and other comprehensive income. As the revalued buildings are depreciated the difference between depreciation recognised in the statement of profit and loss and other comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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*

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount, and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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.

Items of property, plant and equipment are recorded as capital work in progress until such a time that the asset is ready for use. Once the asset is deemed ready for use, the capital work in progress will be transferred to property, plant and equipment and depreciation will commence at that time.

#### **Impairment of assets**

At the end of each reporting period, GCH reviews the carrying values of its tangible and intangible 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 asset's ability to generate net cash inflows and when GCH 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 an assets class, GCH estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 4 Key Assets to Support Service Delivery (cont.)

#### Note 4.1: Property, plant and equipment (cont.)

##### Critical accounting estimates and judgments: Impairment of non-financial assets

GCH assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to GCH 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.

	2021 \$	2020 \$
<b>Note 4.2: Right-of-use assets</b>		
<i>Non-Current</i>		
<i>i) Gross carrying amount and accumulated depreciation</i>		
Property	831,887	831,887
Accumulated depreciation	(125,568)	(62,784)
<b>Total property right-of-use assets</b>	<b>706,319</b>	<b>769,103</b>
Motor vehicles	215,987	215,987
Accumulated depreciation	(129,592)	(64,796)
<b>Total motor vehicle right-of-use assets</b>	<b>86,395</b>	<b>151,191</b>
<b>Total right-of-use assets</b>	<b>792,714</b>	<b>920,294</b>

#### *ii) Reconciliations of carrying amounts of each class of asset*

	Leased property	Leased motor vehicles	Total
<b>Balance at 1 July 2019</b>			
Initial Application AASB 16	831,887	215,987	1,047,874
Additions to right-of-use assets	-	-	-
Depreciation expense	(62,784)	(64,796)	(127,580)
<b>Carrying amount at 30 June 2020</b>	<b>769,103</b>	<b>151,191</b>	<b>920,294</b>
Additions to right-of-use assets	-	-	-
Depreciation expense	(62,784)	(64,796)	(127,580)
<b>Carrying amount at 30 June 2021</b>	<b>706,319</b>	<b>86,395</b>	<b>792,714</b>

#### Right-of-use asset recognition

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

GCH has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 4 Key Assets to Support Service Delivery (cont.)

	2021 \$	2020 \$
<b>Note 4.3: Depreciation</b>		
Buildings	4,800	4,200
Leasehold improvements	58,580	58,926
Furniture and equipment	76,111	109,030
Motor vehicles	96,500	98,375
Property right-of-use asset	62,784	62,784
Motor vehicle right-of-use asset	64,796	64,796
<b>Total depreciation</b>	<b>363,571</b>	<b>398,111</b>

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 GCH 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. Depreciation rates are consistent with the prior year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Depreciation rates are consistent with the prior period. The depreciation rates used for each class of depreciable assets are:

Fixed asset class	Depreciation rate
Buildings	3%
Leasehold improvements	5% – 7.5%
Plant and equipment	10% – 20%
IT plant and equipment	10% – 33%
Software	10% – 33%
Property right-of-use asset	7.5%
Motor vehicle right-of-use asset	33%

	2021 \$	2020 \$
<b>Note 4.4: Other financial assets</b>		
<i>Current</i>		
Term deposits > 3 months	2,721,184	4,206,295
JB Were investment portfolio FVTPL	2,084,066	-
<b>Total other financial assets</b>	<b>4,805,250</b>	<b>4,206,295</b>

Refer note 7 for further information on other financial assets recognition policy.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 5 Other Assets and Liabilities

This section sets out those assets and liabilities that arose from GCH's operations.

- 5.1: Trade and other receivables
- 5.2: Contract assets
- 5.3: Trade and other payables
- 5.4: Contract liabilities

	2021	2020
	\$	\$
<b>Note 5.1: Trade and other receivables</b>		
<i>Current</i>		
Trade debtors	377,857	295,305
Accrued income	65,777	33,073
Other debtors	-	50,000
Prepayments	20,256	-
<b>Total trade and other receivables</b>	<b><u>463,890</u></b>	<b><u>378,378</u></b>

Receivables consist of debtors in relation to goods and services and accrued grants and interest.

Receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. GCH holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Due to the short-term nature of current trade and other receivables, their carrying value is assumed to approximate their fair value. Details about the GCH's impairment policies and its exposure to credit risk is set out in note 7.

Other assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in accounting period covering a term extending beyond that period.

### Note 5.2: Contract assets

*Current*

Contract assets	213,014	4,958
<b>Total contract assets</b>	<b><u>213,014</u></b>	<b><u>4,958</u></b>

Contract assets are recognised when GCH has transferred goods or services to the customer but where GCH is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

### Note 5.3: Trade and other payables

*Current*

Trade creditors	74,644	-
GST payable	184,777	73,980
Accrued expenses	344,204	330,162
Employee benefits payable	117,314	95,135
<b>Total trade and other payables</b>	<b><u>720,939</u></b>	<b><u>499,277</u></b>

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

**Notes to the Financial Statements  
For the year ended 30 June 2021**

**Note 5 Other Assets and Liabilities (cont.)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Note 5.4: Contract liabilities</b>		
<i>Current</i>		
Contract liabilities	46,829	-
PCP	403,955	371,754
<b>Total contract liabilities</b>	<b><u>450,784</u></b>	<b><u>371,754</u></b>

GCH operate as an auspices agency for the Primary Care Partnership (PCP) programs. Any residual funds are carried as a future liability to GCH to provide these services. The revenue and expenditure of the PCP has been included within the statement of profit or loss and other comprehensive income with the total program surplus/(deficit) carried forward as the above liability. Refer detailed reconciliation below:

<b>PCP</b>		
Funding carried forward from the prior year	371,754	454,252
Revenue received during the year	551,747	443,049
Expenses incurred during the year	<u>(519,546)</u>	<u>(525,547)</u>
<b>Operating surplus as a result of program</b>	<b><u>32,201</u></b>	<b><u>(82,498)</u></b>
<b>Funds to be carried forward as a liability</b>	<b><u>403,955</u></b>	<b><u>371,754</u></b>

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 6 How We Finance Our Operations

This section provides information on the sources of finance utilised by GCH during its operations, along with other information related to financing activities of GCH.

This section includes disclosures of balances that are financial instruments.

- 6.1: Cash and cash equivalents
- 6.2: Lease liabilities
- 6.3: Commitments
- 6.4: Monies held in trust

	2021	2020
	\$	\$
<b>Note 6.1: Cash and cash equivalents</b>		
<i>Current</i>		
Operating & at call accounts	1,399,682	1,227,114
Cash on hand	4,400	4,300
<b>Total cash and cash equivalents</b>	<b><u>1,404,082</u></b>	<b><u>1,231,414</u></b>

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

#### Note 6.1.1: Reconciliation of operating surplus to net cash flows from operations

		(Restated)
Operating surplus for the year	375,172	184,416
<b>Non-cash flows:</b>		
Depreciation expense	363,571	398,111
(Gain) on disposal of assets	(32,299)	(57,081)
Unrealised income in JB Were portfolio	(79,191)	-
<b>Changes in assets and liabilities</b>		
(Increase) in trade and other receivables	(85,512)	(72,450)
(Increase) in contract assets	(208,056)	(4,958)
Decrease in investments accounted for using the equity method	-	367,649
Increase/(decrease) in trade and other payables	221,662	(61,547)
(Decrease) in other liabilities	-	(1,171,524)
Increase in contract liabilities	79,030	371,754
Increase in monies held in trust	234,805	300,959
Increase in employee benefits provisions	4,876	312,151
<b>Net cash provided by operating activities</b>	<b><u>874,058</u></b>	<b><u>567,480</u></b>

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 6 How We Finance Our Operations (cont.)

	2021	2020
	\$	\$
<b>Note 6.2: Lease liabilities</b>		
<i>Current</i>		
Lease liability	126,372	105,596
<i>Non-Current</i>		
Lease liability	729,353	848,828
<b>Total lease liabilities</b>	<u>855,725</u>	<u>954,424</u>

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the GCH's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term; and
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### **Critical accounting estimates and judgments: Lease term**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include:

- the importance of the asset to the GCH's operations;
- comparison of terms and conditions to prevailing market rates;
- incurrence of significant penalties;
- existence of significant leasehold improvements; and
- the costs and disruption to replace the asset.

The GCH reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### **Critical accounting estimates and judgments: Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what GCH estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 6 How We Finance Our Operations (cont.)

#### Note 6.3: Commitments

If leases meet the definition of a lease under the new standard AASB 16, they are recorded in note 6.2. If not, they may be categorised as either low value or short term leases. If leases are categorised as either low value or short-term leases management have elected to apply the practical expedients in relation to these leases, and as such these leases are accounted on a straight-line basis in the statement of profit or loss and other comprehensive income. There are no short term or low value lease commitments held as at 30 June 2021 (2020: nil).

#### *Other commitments – capital*

There are no material capital commitments as at 30 June 2021 (2020: nil)

	2021 \$	2020 \$ (Restated)
<b>Note 6.4 Monies held in trust</b>		
<i>Current</i>		
Home Care Packages client funds	<u>1,434,784</u>	<u>1,199,979</u>
	<b><u>1,434,784</u></b>	<b><u>1,199,979</u></b>

GCH holds home care package clients' funds on behalf of the clients. Should the clients transfer to other providers or transfer to residential aged care the individual client's home care package balance of funds is transferred to the new provider or to the Department of Health. Unspent Commonwealth contributions will ultimately be transferred back to the Commonwealth.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 7 Risks, Contingencies and Valuation Uncertainties

GCH is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for GCH is related mainly to fair value determination.

- 7.1: Financial instruments
- 7.2: Contingent assets and contingent liabilities
- 7.3: Fair value measurement

#### Note 7.1: Financial instruments

Financial instruments arise out of agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. GCH applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

##### *Financial assets at amortised cost*

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the group to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

GCH recognises the following assets in this category:

- cash and cash equivalents;
- trade and other receivables; and
- term deposits.

##### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- (ii) designated as such upon initial recognition where permitted.

Fair value movements are recognised in profit or loss.

GCH recognises the JB Were investment portfolio in this category.

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

GCH recognises the following liabilities in this category:

- payables;
- lease liabilities; and
- other liabilities.

## GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

### Notes to the Financial Statements For the year ended 30 June 2021

#### Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

##### Note 7.1: Financial instruments (cont.)

##### Derecognition of financial assets and financial liabilities

###### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- GCH retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- GCH has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where GCH has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the GCH's continuing involvement in the asset.

###### *Financial liabilities*

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

##### Reclassification of financial instruments

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through profit or loss, fair value through other comprehensive income and amortised cost when and only when the GCH's business model for managing its financial assets has changed such that its previous model would no longer apply.

##### Financial risk management objectives and policies

GCH's activities do expose itself to some financial risks which need to be actively managed.

###### *Market risk*

GCH's exposure to market risk is primarily through fair value interest rate risk and equity price risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GCH has some exposure to cash flow interest rate risks through cash and deposits that are at floating rates. GCH manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

The Company is exposed to equity price risk through its managed fund (JB Were portfolio), which primarily holds domestic fixed interest investments. The Company works closely with JB Were to assist with the management of its investment portfolio in accordance with the Investment Policy approved by the Board. The fund manager, on behalf of the Company closely monitors performance and manages the equity price risk through diversification of its investment portfolio and provides updates to the Board on a timely basis.

###### *Interest rate risk*

Changes in interest rates affect the ability for GCH to earn returns on investment. Management negotiates with banking institutions to get the best available rates for these deposit accounts. On this basis, GCH is exposed to interest rate risk although this risk is mitigated where possible.

## GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

### **Notes to the Financial Statements For the year ended 30 June 2021**

#### **Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)**

##### **Note 7.1: Financial instruments (cont.)**

###### *Liquidity risk*

Vigilant liquidity risk management requires GCH to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. GCH manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

###### *Credit risk*

GCH is not exposed to any significant credit risk.

###### *Foreign currency risk*

GCH is not exposed to any significant foreign currency risk.

###### *Price risk*

GCH is not exposed to any significant price risk.

##### **Note 7.2: Contingent assets and contingent liabilities**

There are no known contingent assets or contingent liabilities for GCH as at 30 June 2021 (2020: NIL).

##### **Note 7.3: Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that GCH can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

GCH measures the following assets at fair value on a reoccurring basis:

- land and buildings
- JB Were investment portfolio

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

**Notes to the Financial Statements  
For the year ended 30 June 2021**

**Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)**

**Note 7.3: Fair value measurement (cont.)**

*Fair Value Hierarchy*

The following tables detail GCH's assets measured or disclosed at fair value, using a three-level hierarchy as described above.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2021</b>				
Property, plant and equipment				
Land	-	60,000	-	60,000
Buildings	-	155,200	-	155,200
JB Were investment portfolio	2,084,066	-	-	2,084,066
<b>Total assets</b>	<b>2,084,066</b>	<b>215,200</b>	<b>-</b>	<b>2,299,266</b>
<b>2020</b>				
Property, plant and equipment				
Land	-	60,000	-	60,000
Buildings	-	160,000	-	160,000
<b>Total assets</b>	<b>-</b>	<b>220,000</b>	<b>-</b>	<b>220,000</b>

GCH engages external, independent and qualified valuers to determine the fair value of GCH's land and buildings at least every 3 years. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

There were no transfers between levels during the financial year. The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 8 Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

- 8.1: Insurance
- 8.2: Related parties
- 8.3: Key management personnel compensation
- 8.4: Remuneration of auditors
- 8.5: Reserves
- 8.6: Members' guarantee
- 8.7: Events occurring after balance sheet date
- 8.8: Company details
- 8.9: Issued but not yet effective Australian accounting and reporting pronouncements

#### Note 8.1: Insurance

The Department of Health (DH), formerly the Department of Health and Human Services (DHHS) advised GCH that the total amount of insurance premiums paid by DH on GCH's behalf to the Victorian Managed Insurance Authority (VMIA) was \$22,889 for the 2021 financial year (2020: \$11,807).

#### Note 8.2: Related parties

##### *Key management personnel*

Disclosures relating to key management personnel are set out in note 8.3.

##### *Transactions with related parties*

Other than compensation of key management personnel, there were no material transactions with related parties during the current and previous financial year.

##### *Receivable from and payable to related parties*

There were no material receivables from or payables to related parties at the current and previous reporting date.

##### *Loans to/from related parties*

There were no material loans to or from related parties at the current and previous reporting date.

#### Note 8.3: Key management personnel compensation

Any persons having authority and responsibility for planning, directing and controlling the activities of GCH, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	Period	
Mr. Graham Parkes	1 July 2020	to 30 June 2021
Ms. Helen Francis	1 July 2020	to 15 Dec 2020
Ms. Seena Papalia	1 July 2020	to 30 June 2021
Ms. Melissa Morris	1 July 2020	to 30 June 2021
Mr. David Baird	1 July 2020	to 30 June 2021
Ms. Tammy Schoo	1 July 2020	to 30 June 2021
Mr. Paul Margetts	1 July 2020	to 30 June 2021
Mrs. Naomi Goode	15 Dec 2020	to 30 June 2021
Ms. Simone O'Brien	15 Dec 2020	to 30 June 2021
Mr. Marc Thomas	15 Dec 2020	to 9 March 2021
Ms. Joanne Richie	leave of absence from 1 July 2020 prior to termination of appointment 15 December 2020	
Mr. Greg Little (Chief Executive Officer)	1 July 2020	to 30 June 2021
Ms. Kathy Day (General Manager People and Community Support)	1 July 2020	to 30 June 2021
Ms. Kate Astbury (General Manager Business Support and Innovation)	1 July 2020	to 30 June 2021

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 8 Other Disclosures (cont.)

	2021 \$	2020 \$
<b>Note 8.3: Key management personnel compensation (cont.)</b>		
Total compensation	<u>676,779</u>	<u>605,059</u>
<b>Note 8.4: Remuneration of auditors</b>		
Remuneration of the auditor – paid and or payable, for:		
- assurance services in relation to the financial report	46,500	33,800
- other assurance services	-	7,000
- non-assurance services	-	3,000
	<u>46,500</u>	<u>43,800</u>
<b>Note 8.5: Reserves</b>		
Asset revaluation reserve opening balance	174,767	145,908
Gain on revaluation of land and buildings	-	28,859
Asset revaluation reserve closing balance	<u>174,767</u>	<u>174,767</u>

The asset revaluation reserve records the revaluations of land and buildings.

### Note 8.6: Members' guarantee

GCH is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up is limited to \$1 per member subject to the provisions of the company's constitution.

At 30 June 2021 the collective liability of members was \$21 (2020: \$8).

### Note 8.7: Events occurring after balance sheet date

The impact of the Coronavirus (COVID-19) pandemic is ongoing for GCH up to 30 June 2021. At the date of this report, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of GCH, or the results of those operations.

### Note 8.8: Company details

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

Grampians Community Health  
8-22 Patrick Street  
STAWELL VIC 3380

# GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

## Notes to the Financial Statements For the year ended 30 June 2021

### Note 8 Other Disclosures (cont.)

#### Note 8.9: Issued but not yet effective Australian accounting and reporting pronouncements

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 <i>Insurance Contracts</i>	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.	1 January 2023	The assessment has indicated that there will be no impact on GCH.
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>	This standard, together with other related amendments, removes the option for for-profit entities which prepare financial statements under the <i>Corporations Act 2001</i> or otherwise prepare financial statements in accordance with Australian Accounting Standards, to prepare General Special Purpose Financial Statements. Instead, they must prepare General Purpose Financial Statements under either Tier 1 (Full IFRS compliance) or Tier 2 (Specified Disclosure Requirements). As a not-for-profit, the Company currently prepares General Purpose - Reduced Disclosure Requirements Financial Statements which will be phased out with the introduction of AASB 1060.	Periods beginning on or after 1 July 2021.	On adoption of AASB 1060, the Company will move to Tier 2 disclosure requirements which is anticipated to reduce the disclosure included within the financial statements.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The assessment has indicated that there will be no significant impact on GCH.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2020-21 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on GCH's reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*

GRAMPIANS COMMUNITY HEALTH

ABN 41 831 668 189

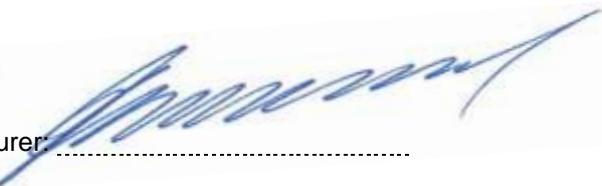
**Directors' Declaration  
For the year ended 30 June 2021**

In the directors' opinion:

1. The attached financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for profits Commission Regulations 2013*: and
  - b. Give a true and fair view of Grampians Community Health's financial position as at 30 June 2021 and of its performance and cashflows for the year ended on that date.
2. There are reasonable grounds to believe that Grampians Community Health will be able to pay its debts as and when they become due and payable.

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

Chair: 

Treasurer: 

20<sup>th</sup> December 2021

# Independent Auditor's Report

## To the Directors of Grampians Community Health

<b>Opinion</b>	<p>I have audited the financial report of Grampians Community Health (the company) which comprises the:</p> <ul style="list-style-type: none"> <li>• statement of financial position as at 30 June 2021</li> <li>• statement of profit or loss and other comprehensive income for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• director's declaration.</li> </ul> <p>In my opinion the financial report is in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> <li>• giving a true and fair view of the financial position of the company as at 30 June 2021 and of its financial performance and its cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.</li> </ul>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Directors' responsibilities for the financial report</b>	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my 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 the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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