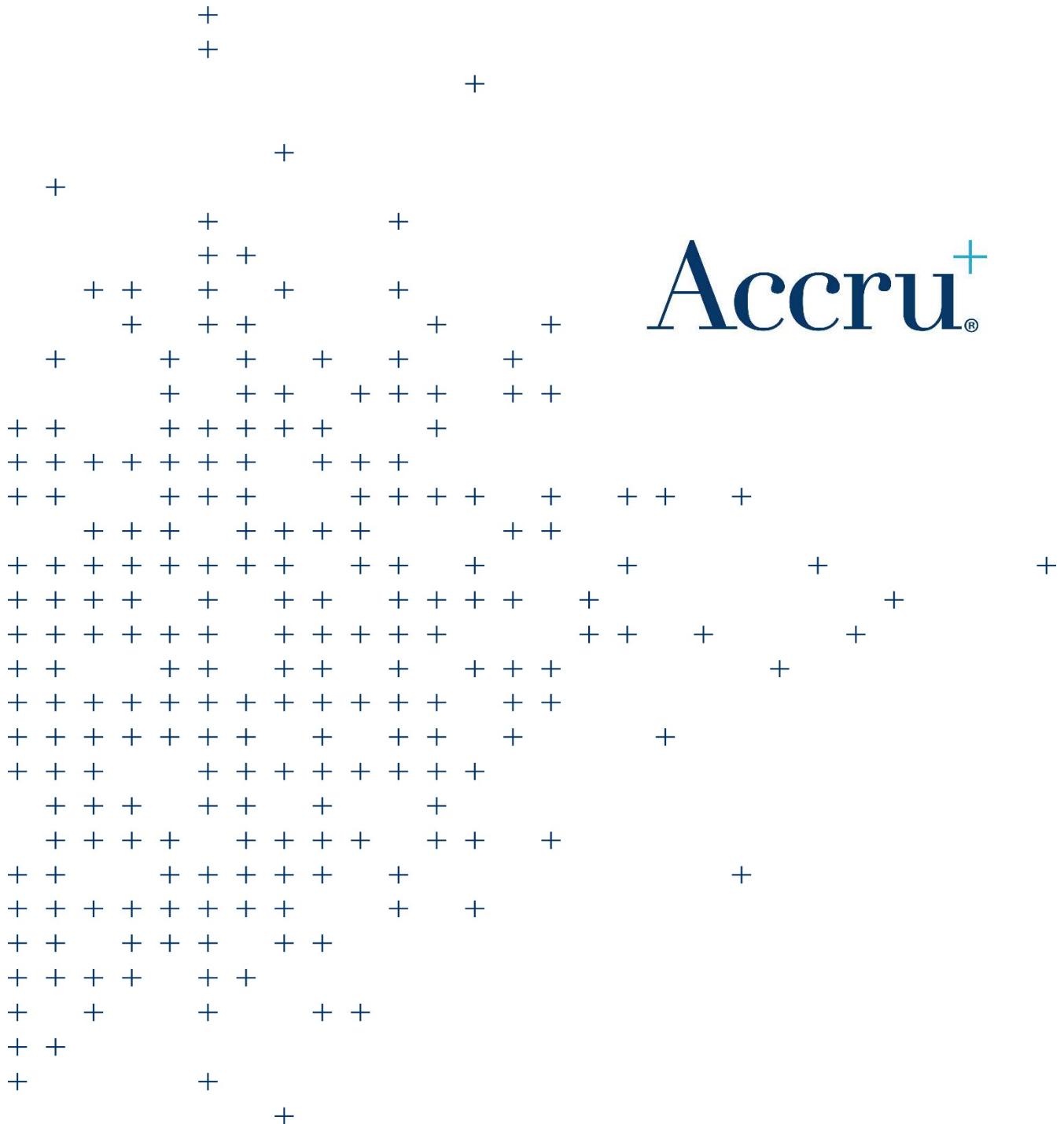


**NILLUMBIK COMMUNITY HEALTH  
SERVICE LTD**  
**ABN: 32 180 310 839**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020**



# **Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

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# **Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

## **Responsible Persons' Report**

**30 June 2020**

The directors are the Responsible Persons and present their report on Nillumbik Community Health Service Ltd, trading as Carrington Health and healthAbility (hereafter the "Company") for the financial year ended 30 June 2020.

### **Information on directors**

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

#### **Adele Katzew**

Experience

Adele is an accredited specialist in Family Law. She holds a Bachelor of Laws with Honours and a Bachelor of Arts (Psychology major) from the University of Melbourne. Adele practices in all areas of Family Law. She has extensive experience in both parenting and financial matters. She joined Robinson Gill Lawyers in 2000 and became a principal in 2015. In 2007 Adele was accredited by the Law Institute of Victoria as a specialist in Family Law. She is currently a member of the Family Law Specialisation Advisory Committee of the Law Institute of Victoria. In addition, Adele holds memberships with the Family Law section of the Law Council of Australia, Victorian Women Lawyers, the Law Institute of Victoria and the Association of Family and Conciliation Courts. Adele is a trained Collaborative Practitioner.

#### **Celia Gerreyn**

Experience

Resigned 31/12/2019

Celia is a resident of Eltham and joined healthAbility's Board in August 2013 and is a member of the Risk Committee and chair of the Governance Working Group.

Celia is qualified in accounting, finance and law and completed an MBA in 2006. She has worked across a number of industries including finance, major projects, automotive, transport, paper and packaging and resources. Celia was the first woman to be awarded Australian Government Lawyer of the Year in 2004 in recognition of her work in the planning and development of the Melbourne Docklands. Celia is a member of the Fellow of the Australian Institute of Company Directors.

#### **David Brant**

Experience

David joined the Board of NCHS in March 2013 and held the position of Chair from August 2014 until October 2017. He has 30 years of Managing Director experience, mostly spent working and living in Asia. His expertise is developing strategic plans for businesses providing strong operational leadership with a focus on developing people. Underpinning his experience, is an emphasis on operational excellence, quality and continuous improvement. David has significant experience as a Non-Executive Director with For Purpose and Public Companies.

In addition to NCHS, David currently holds Board positions with Haven Home Safe and Redflow Ltd along with his own business interests. He is a Fellow of the Australian Institute of Company Directors.

David is married with two adult daughters and is a long term resident of Eltham.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Responsible Persons' Report

30 June 2020

### Information on directors

#### Genevieve Webb

Experience

Genevieve Webb is a senior executive with extensive experience in health and human services. Her present position is Director Quality at BreastScreen Victoria and her previous roles include Project Director Service Model Renewal at BreastScreen Victoria, CEO of Queen Victoria Women's Centre, and GM Corporate Services at Mind, Executive Director of Relationships Australia (Vic) and Associate Director at KPMG.

Genevieve is a member and former Chair of the Internal Audit Committee at the State Revenue Office (Vic). She has also served on the boards of Box Hill Institute of TAFE (Deputy President and Chair of Audit Committee), BreastScreen Victoria and Women's Housing Limited. Genevieve has qualifications in Psychology and ICT. She is a Fellow of the Australian Institute of Company Directors (AICD) and an Associate Fellow of the Australian College of Health Service Management (ACHSM).

#### Geoff Lavender

Experience

With over 30 years' public sector experience in health, education and working with government, he brings knowledge and experience in government relations and public policy. He currently provides management advisory services through his own consulting work, particularly focused on policy and strategy in the public and not-for-profit sectors. Alongside that, in recent years Geoff has taken on health sector interim CEO and COO roles in challenging organisational and environmental circumstances. In addition, Geoff works with HardyGroup in leadership, executive professional development and learning. He has held senior executive positions in the Victorian government in health and community services. He has a long-standing interest in corporate governance and has established governance development programs for NGOs and health services. Geoff and his family have lived in Whitehorse for over 30 years.

#### Jane Daniels

Experience

Deputy Chair

Jane commenced as a Board member for healthAbility in 2001 and held the position of Chair from November 2004 to October 2012. During her time on the Board Jane has been an active Committee member and played key roles in Governance, Board Recruitment and performance; and Strategic Direction.

Jane's professional background is nursing; she is a Registered Nurse with a Post Graduate qualifications in Critical Care, Business and Aged Care Management. Her experience in health has been as a Senior Executive in both nursing and management for over 25 years.

Jane is a strong advocate for primary health care as an integral part of the Australian health system and is particularly interested in social model of health as a framework within which improvement to health and well-being of individuals and communities are achieved.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Responsible Persons' Report

30 June 2020

### Information on directors

#### John Donovan

Experience

Resigned 27/11/2019

John is the Managing Director of AFM Investment Partners, a director of the LRH Hospital and a director of Vline. He is the responsible manager of an Australian Financial Services Licence.

John is a former director of Gippsland Water and Adminpartners and was a member of Trustee Australia's managed funds compliance committee. He is a Graduate Member of the Australian Institute of Company Directors, a Senior Fellow of Finsia, a Fellow of the Australian Institute of Management, a Certified Practicing Marketer and Fellow of the Australian Marketing Institute and an associate member of the Australasian Investor Relations Association. He holds a Master of Public Relations.

#### John Rasa

Experience

Board Chair

John has over 30 years senior health management experience including executive roles at Eastern Health, General Practice Victoria and Networking Health Victoria. He is currently Unit Chair in Hospital Operations and Finance in the School of Medicine at Deakin University. He is also Chair of the Mental Health Professional Network and Deputy Chair of Latrobe Regional Hospital. John holds a Bachelor of Arts (Clinical Psychology) and a Master of Health Planning; is a member of the Australian Institute of Company Directors and a Fellow of the Australasian College of Health Services Management, Australian Institute of Management and Australian Human Resources Institute. John has an extensive skill base in leadership, strategic planning, clinical and corporate governance to lead the organisation.

#### Michelle Kotis

Experience

Michelle has lived in the eastern metropolitan region since returning from 6 years living and working in Dublin as a speech pathologist in 1996. Michelle has over 25 years' clinical and executive experience in private and public healthcare organisations and the Victorian public sector. Michelle holds qualifications in speech pathology, linguistics and public health, and is a Graduate, Australian Institute of Company Directors (GAICD), and an Associate Fellow, Australian College of Health Service Management (ACHSM).

Michelle has a strong commitment to effective corporate and clinical governance, continuous service improvement and innovation, and advocacy for community health, as a pivotal component of the broader healthcare service delivery system, providing accessible, high-quality health treatment, prevention, promotion, and supportive care services for vulnerable members of the community.

#### Patrick Tuohey

Experience

Patrick has over 30 years of experience in senior management and executive roles in professional service industry with an ASX-listed company. His expertise includes commercial management and risk management, particularly in relation to mergers and acquisitions.

Patrick has a 1st Class Honours degree and a PhD in Chemical Engineering from the University of Melbourne. He is a Fellow of both the Institution of Engineers Australia and the Institution of Chemical Engineers (London). He is also a member of the Australian Institute of Company Directors. He is married with two adult sons.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Responsible Persons' Report

30 June 2020

### Information on directors

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

### Principal activities

The principal activity of the Company during the financial year was to provide benevolent relief to people in need, principally by promoting the health of the people of the area served by providing a range of health services and programs via its Carrington Health and healthAbility operations.

No significant changes in the nature of the Company's activity occurred during the financial year.

### Members' guarantee

The entity 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 \$ 5 for all members subject to the provisions of the company's constitution.

At 30 June 2020 the number of members was 8 (2019: 10).

### Meetings of directors

During the financial year, the director meeting attendances were as follows:

	Directors' Meetings		Audit & Risk Committee		Finance Committee		Quality & Safety Committee		Governance Working Group	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Adele Katzew	10	8	2	2	-	-	-	-	4	3
Celia Gerreyn	3	3	2	2	-	-	-	-	2	2
David Brant	10	10	-	-	11	10	-	-	-	-
Genevieve Webb	10	9	4	4	-	-	-	-	1	1
Geoff Lavender	10	10	-	-	11	11	5	5	2	2
Jane Daniels	10	10	-	-	-	-	5	5	4	3
John Rasa	10	10	-	-	-	-	-	-	4	3
Michelle Kotis	9	9	-	-	-	-	5	3	-	-
Patrick Tuohey	10	10	4	4	11	11	-	-	4	4
John Donovan	3	1	1	-	3	1	-	-	-	-

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Responsible Persons' Report

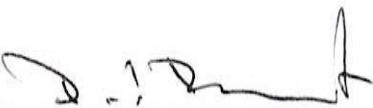
30 June 2020

### Auditor's independence declaration

The auditor's independence declaration in accordance with the Australian Charities and Not-for-profit Commission Act 2012, for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

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

Chair: .....  
  
John Rasa

Director: .....  
  
David Brant

Dated 29 October 2020

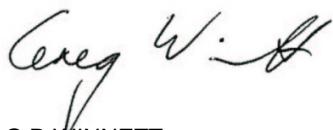
**Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

**Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profit Commission Act 2012 to the Directors of Nillumbik Community Health Service Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



G D WINNETT  
Director

ACCRU MELBOURNE (AUDIT) PTY LTD

29 October 2020

50 Camberwell Road  
Hawthorn East, VIC 3123

**Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 June 2020**

	Note	2020	2019
		\$	\$
Revenue	2	<b>21,701,789</b>	22,126,964
Other income		<b>5,680</b>	11,500
Employee benefits expense		(16,017,617)	(16,887,401)
Depreciation and amortisation expense		(1,040,451)	(1,122,158)
IT expenses		(173,164)	(194,007)
Client expenses		(1,298,965)	(2,172,090)
Office and administration expenses		(336,525)	(578,360)
Motor vehicle expenses		(82,253)	(128,945)
Occupancy expenses		(739,414)	(864,080)
Marketing and promotion expenses		(110,235)	(113,296)
Goodwill impairment		-	(35,840)
Other expenses		(268,337)	(243,411)
Finance costs		(81,801)	(102,088)
<b>Surplus/(deficit) for the year</b>	3	<b>1,558,707</b>	(303,212)
Other comprehensive income		-	-
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>1,558,707</b>	(303,212)

The accompanying notes form part of these financial statements.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Statement of Financial Position

As At 30 June 2020

		2020	2019
	Note	\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	<b>2,967,180</b>	1,239,666
Trade and other receivables	5	<b>990,986</b>	935,564
Other financial assets	6	<b>4,404,456</b>	4,570,168
Other assets	7	<b>25,497</b>	133,206
TOTAL CURRENT ASSETS		<b>8,388,119</b>	6,878,604
NON-CURRENT ASSETS			
Right-of-use assets	9	<b>2,054,945</b>	2,778,037
Property, plant and equipment	8	<b>3,308,178</b>	3,554,418
TOTAL NON-CURRENT ASSETS		<b>5,363,123</b>	6,332,455
TOTAL ASSETS		<b>13,751,242</b>	13,211,059
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	<b>1,325,100</b>	1,956,442
Employee benefits	12	<b>3,287,401</b>	3,108,092
Lease liabilities	9	<b>865,433</b>	809,281
Other liabilities	11	<b>1,436,637</b>	791,348
TOTAL CURRENT LIABILITIES		<b>6,914,571</b>	6,665,163
NON-CURRENT LIABILITIES			
Employee benefits	12	<b>92,379</b>	494,877
Lease liabilities	9	<b>1,837,601</b>	2,703,035
TOTAL NON-CURRENT LIABILITIES		<b>1,929,980</b>	3,197,912
TOTAL LIABILITIES		<b>8,844,551</b>	9,863,075
NET ASSETS		<b>4,906,691</b>	3,347,984
<b>EQUITY</b>			
Accumulated surplus		<b>4,906,691</b>	3,347,984
TOTAL EQUITY		<b>4,906,691</b>	3,347,984

The accompanying notes form part of these financial statements.

**Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2020**

	<b>Accumulated Surplus</b>
	\$
<b>Balance at 1 July 2019</b>	<b>3,347,984</b>
Surplus for the year	<b>1,558,707</b>
<b>Balance at 30 June 2020</b>	<b>4,906,691</b>
<b>Balance at 1 July 2018</b>	<b>3,791,446</b>
Transfer in as a result of merger	260,492
Cumulative adjustment upon adoption of new accounting standards-AASB 16	(400,742)
Deficit for the year	(303,212)
<b>Balance at 30 June 2019</b>	<b>3,347,984</b>

**Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

**Statement of Cash Flows**

For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from clients and government	<b>23,475,309</b>	22,501,109
Payments to suppliers and employees	<b>(21,449,002)</b>	(22,763,759)
Interest received	<b>134,005</b>	100,350
Finance costs	<b>(81,801)</b>	(102,088)
Other receipts	<b>358,012</b>	452,124
Net cash provided by/(used in) operating activities	<b>14</b>	<b>2,436,523</b>
		187,736
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	<b>5,680</b>	11,500
Purchase of plant and equipment	<b>(71,119)</b>	(134,448)
Net proceeds/(purchase) of financial assets	<b>165,712</b>	(1,694,058)
Net cash provided by/(used in) investing activities	<b>100,273</b>	(1,817,006)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash balance transferred from Carrington Health as result of the merger	-	2,831,232
Payment of lease liabilities	<b>(809,282)</b>	(756,133)
Net cash provided by/(used in) financing activities	<b>(809,282)</b>	2,075,099
Net increase/(decrease) in cash and cash equivalents held	<b>1,727,514</b>	445,829
Cash and cash equivalents at beginning of year	<b>1,239,666</b>	793,837
Cash and cash equivalents at end of financial year	<b>4</b>	<b>2,967,180</b>
		1,239,666

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

The Company has merged its operations with Whitehorse Community Health Service Ltd, trading as Carrington Health on 1 July 2018. Both Carrington Health and healthAbility's operations are now trading under the Company's ABN.

The financial report covers Nillumbik Community Health Service Ltd trading as Carrington Health and healthAbility (hereafter the "Company") as a single entity. The Company is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Act 2012*.

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are prepared on a going concern basis. All amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

### 1 Summary of Significant Accounting Policies

#### (a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (b) Revenue and other income

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

The Company has applied AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities* using the cumulative method of initially applying AASB 15 and AASB 1058 with no effect on the opening balance of equity at 1 July 2019. The comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. There was no significant impact upon adoption of the two new revenue standards applicable to the Company.

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Income from grants that are enforceable and with sufficiently specific performance obligations are recognised in the statement of comprehensive income when the Company has satisfied the performance obligations under the terms of the grant. The Company exercises judgement over whether the performance obligations have been met, on a grant by grant basis. The performance obligations for activity-based funding are the number of services provided or program objectives achieved in accordance with terms and conditions agreed to with the grant providers. Revenue is recognised when a service provision is completed or a program objective is

# **Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **1 Summary of Significant Accounting Policies**

##### **(b) Revenue and other income**

achieved. The performance obligations have been selected as they align with funding conditions set out in the agreements issued by the grant providers.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Company has an unconditional right to receive the cash which usually coincides with receipt of cash.

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

The Department of Health and Human Services confirmed that funding provided in 2019/20 for delivery of services, that was impacted by COVID19, could be retained for lost revenue.

Fee for service and contract income are earned from provision of services when performance obligations are either satisfied over time or at a point in time. Generally, the supply of health services under a contract with a customer will represent the satisfaction of a performance obligation at a point in time, which is when health advice and treatment are provided to the customer.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

##### **(c) Expenses from transactions**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee benefits expense includes salaries and wages (including associated on-costs), leave expenses, termination payments, superannuation expenses (i.e. employer contributions), fringe benefits tax, work cover premium and other employee related expenses.

Client expenses are recognised as expense in the reporting period in which they relate.

Other expenses are recognised as expense in the reporting period in which they incurred.

All expenses are stated net of the amount of goods and services tax (GST).

##### **(d) Cash and cash equivalents**

Cash and cash equivalent comprises cash on hand, demand deposits and short-term investments.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### ***Classification***

On initial recognition, the Company has the option to classify its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

The Company does not currently hold any financial assets other than those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

##### ***Amortised cost***

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### ***Impairment of financial assets***

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (e) Financial instruments

##### **Financial assets**

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### ***Trade receivables***

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### ***Other financial assets measured at amortised cost***

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

# **Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **1 Summary of Significant Accounting Policies**

##### **(e) Financial instruments**

###### **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

##### **(f) Property, plant and equipment**

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

Land and buildings are measured using the cost model.

Plant and equipment are measured using the cost model.

###### **Depreciation**

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2.5%
Motor Vehicles	10-20%
Office Equipment	10-25%
Computer Equipment	10-33%
Leasehold improvements	12.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. The depreciation rates are consistent with the prior year.

##### **(g) Impairment of non-financial assets**

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

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (g) Impairment of non-financial assets

##### (g) Impairment of non-financial assets

generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### (h) Employee benefits

##### *Employee Benefit Recognition*

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

##### *Provisions*

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

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.

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

##### *Annual Leave*

Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because the Company does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

Nominal value – if the Company expects to wholly settle within 12 months; or

Present value – if the Company does not expect to wholly settle within 12 months.

##### *Long Service Leave*

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (h) Employee benefits

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Company does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period. The components of this current LSL liability are measured at:

Nominal value – if the Company expects to wholly settle within 12 months; or

Present value – if the Company does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a noncurrent liability. Any gain or loss followed revaluation of the present value of noncurrent LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

#### *Termination Benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

#### *On-Costs Related to Employee Benefits*

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from provisions for employee benefits. They are a consequence of employing employees but are not employee benefits. As such provisions for on-costs are to be disclosed separately from provision for employee benefits.

#### (i) Leases

##### *Right-of-use asset*

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

##### *Lease liability*

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (i) Leases

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (k) Economic dependence

The Company is dependent on various Government Departments for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the various Government Departments will not continue to support the Company.

#### (l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### (i) Key estimates - impairment

The Company assesses impairment at the end of each reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### (ii) Estimated useful life of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (I) Critical Accounting Estimates and Judgements

##### (iii) Employee benefits provision

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.

##### (iv) 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 company'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 company 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.

##### (v) 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 the company 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.

#### (m) Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not had a significant impact on the recognition, measurement and disclosure of transactions.

#### **AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not for Profit Entities (Annual reporting periods beginning on or after 1/7/2019).**

The Company has adopted AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities which have replaced AASB 118: Revenue and AASB 1004: Contributions. Adoption of AASB 15 and AASB 1058 has not led to any material changes to the recognition and measurement of balances and transactions and have only impacted the relevant accounting policies.

#### **AASB 16 Leases (Annual reporting periods beginning on or after 1/7/2019)**

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16, recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have been restated.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies

#### (m) Adoption of new and revised accounting standards

The Company has recognised a lease liability and right of use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117: Leases where the Company is the lessee. The lease liabilities are measured at the present value of the remaining lease payments. An average borrowing rate as at 1 July 2019 of 2.6% was used to discount the lease payments.

The right of use assets for equipment were measured at their carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The table below provides details of the significant changes and quantitative impact of these changes on the initial date of application, being 1 January 2019.

	As Presented 30/6/2019	Application Impact	As At 1/7/2019
	\$	\$	\$
<b>Statement of Financial Position</b>			
Assets			
Right of use assets - WDV	-	2,778,037	2,778,037
Liabilities			
Current lease liabilities	-	809,281	809,281
Non-current lease liabilities	-	2,703,035	2,703,035
Equity			
Accumulated surplus	3,715,685	(367,701)	3,347,984

**Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

**Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies**

**(n) Comparative figures**

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

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Revenue

	2020	2019
	\$	\$
- Government grants	14,048,417	15,920,997
- Client fees and program revenue	5,670,313	5,628,875
- COVID-19 government stimulus	1,547,000	-
- Rental revenue	185,492	187,804
- Interest received	78,047	124,968
- Donation	8,156	14,685
- Other revenue	164,364	249,635
	<b>21,701,789</b>	<b>22,126,964</b>

### 3 Surplus/(deficit) for the Year

The result for the year includes the following specific expenses:

- Superannuation contributions	1,386,583	1,336,079
- Bad debts	6,293	1,817

### 4 Cash and Cash Equivalents

CURRENT		
Cash on hand	3,380	3,500
Bank balances	<b>2,963,800</b>	1,236,166
	<b>2,967,180</b>	1,239,666

### 5 Trade and Other Receivables

CURRENT		
Trade receivables	238,963	353,026
Provision for impairment	<b>(17,882)</b>	-
	<b>221,081</b>	353,026
Government funding due	282,328	270,477
Other receivables	<b>487,577</b>	312,061
	<b>990,986</b>	935,564

### 6 Other Financial Assets

CURRENT		
Term deposits measured at amortised cost	<b>4,404,456</b>	4,570,168

### 7 Other Assets

CURRENT		
Prepayments	25,497	113,956
Other current assets	-	19,250
	<b>25,497</b>	133,206

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 8 Property, plant and equipment

	2020	2019
	\$	\$
Freehold land		
At cost	<u>421,364</u>	421,364
Buildings		
At cost	<u>3,797,854</u>	3,776,746
Accumulated depreciation	<u>(1,649,415)</u>	(1,552,543)
Total buildings	<u>2,148,439</u>	2,224,203
Furniture and equipment		
At cost	<u>3,287,051</u>	3,246,536
Accumulated depreciation	<u>(2,865,019)</u>	(2,705,559)
Total furniture, fixtures and fittings	<u>422,032</u>	540,977
Motor vehicles		
At cost	<u>909,357</u>	964,144
Accumulated depreciation	<u>(640,802)</u>	(648,537)
Total motor vehicles	<u>268,555</u>	315,607
Leasehold Improvements		
At cost	<u>287,944</u>	278,448
Accumulated amortisation	<u>(240,156)</u>	(226,181)
Total leasehold improvements	<u>47,788</u>	52,267
<b>Total property, plant and equipment</b>	<b><u>3,308,178</u></b>	<b>3,554,418</b>

### 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	Buildings	Furniture & Equipment	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2020</b>						
Beginning of year	421,364	2,224,203	540,977	315,607	52,267	3,554,418
Additions	-	21,108	40,515	-	9,496	71,119
Disposals - WDV	-	-	-	-	-	-
Depreciation & amortisation	-	(96,872)	(159,460)	(47,052)	(13,975)	(317,359)
<b>End of the year</b>	<b>421,364</b>	<b>2,148,439</b>	<b>422,032</b>	<b>268,555</b>	<b>47,788</b>	<b>3,308,178</b>

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 9 Right-of-Use Assets and Lease Liabilities

The Company has applied AASB 16 using the retrospective method and therefore the comparative information has been restated.

#### (a) Right-of-use assets

Reconciliation of the carrying amounts:

	2020	2019
	\$	\$
<b>Buildings</b>		
Balance at beginning of year	<b>2,778,037</b>	3,501,129
Depreciation charge	<b>(723,092)</b>	(723,092)
<b>Balance at end of year</b>	<b>2,054,945</b>	2,778,037

#### (b) Lease liabilities

Current lease liabilities	865,433	809,281
Non-current lease liabilities	<b>1,837,601</b>	2,703,035
<b>Total</b>	<b>2,703,034</b>	3,512,316

Represented by:

- Minimum lease payments - current	925,526	891,081
- Minimum lease payments - non-current	1,897,423	2,822,948
- Unexpired lease charges - current	(60,093)	(81,799)
- Unexpired lease charges - non-current	(59,822)	(119,914)
<b>Total</b>	<b>2,703,034</b>	3,512,316

### 10 Trade and Other Payables

Current		
Trade payables	555,511	838,657
Sundry payables and accrued expenses	<b>769,589</b>	1,117,785
<b>Total</b>	<b>1,325,100</b>	1,956,442

### 11 Other Liabilities

CURRENT		
Contract liabilities	906,456	638,020
Home Care Packages received in advance	<b>530,181</b>	153,328
<b>Total</b>	<b>1,436,637</b>	791,348

# Nillumbik Community Health Service Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 12 Employee Benefits

	2020	2019
	\$	\$
<b>CURRENT</b>		
<i>Annual leave</i>		
Unconditional & expected to be settled wholly within 12 months	927,535	894,483
Unconditional & expected to be settled wholly after 12 months	<u>68,709</u>	147,990
<i>Long service leave</i>		
Unconditional & expected to be settled wholly within 12 months	177,307	234,281
Unconditional & expected to be settled wholly after 12 months	<u>1,805,517</u>	1,539,822
	<b>2,979,068</b>	2,816,576
<i>Provisions related to employee benefit on costs</i>		
Unconditional & expected to be settled wholly within 12 months	114,351	116,827
Unconditional & expected to be settled wholly after 12 months	<u>193,982</u>	174,689
	<b>308,333</b>	291,516
<b>Total current provisions</b>	<b><u>3,287,401</u></b>	3,108,092
<b>NON-CURRENT</b>		
Conditional long service leave	83,715	448,461
Provisions related to employee benefit on costs	<u>8,664</u>	46,416
<b>Total non-current provisions</b>	<b><u>92,379</u></b>	494,877
<b>Total provision for employee benefits</b>	<b><u>3,379,780</u></b>	3,602,969

### 13 Leasing Commitments

#### Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	-	868,587
- between one year and five years	-	1,876,439
	<b><u>-</u></b>	<b><u>2,745,026</u></b>

Operating leases have been recognised (where material) in the statement of financial position from 1/7/2019 upon adoption of AASB 16 Leases.

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 14 Cash Flow Information

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

	2020	2019
	\$	\$
Surplus/(deficit) for the year	<b>1,558,707</b>	(303,212)
Cash flows excluded from net result attributable to cash flow activities		
- Cash balance transferred from Carrington Health	-	(2,831,232)
Non-cash flows in movement in net result:		
- depreciation	<b>1,040,451</b>	1,122,158
- net gain on disposal of plant and equipment	<b>(5,680)</b>	(11,500)
- bad debts	<b>6,293</b>	1,817
- write-off of goodwill	-	35,840
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	<b>(61,715)</b>	(548,758)
- (increase)/decrease in other assets	<b>107,709</b>	(86,822)
- increase/(decrease) in other liabilities	<b>645,289</b>	(73,318)
- increase/(decrease) in trade and other payables	<b>(631,342)</b>	698,318
- increase/(decrease) in employee benefits	<b>(223,189)</b>	2,184,445
Cashflows from operations	<b>2,436,523</b>	187,736

### 15 Financial Risk Management

#### Financial assets at amortised cost

Cash and cash equivalents	<b>2,967,180</b>	1,239,666
Other financial assets	<b>4,404,456</b>	4,570,168
Trade and other receivables (cost)	<b>1,008,868</b>	935,564
	<b>8,380,504</b>	6,745,398

#### Financial liabilities at amortised cost

Trade and other payables (excluding statutory payables)	<b>978,940</b>	1,772,416
Current lease liabilities	<b>865,433</b>	809,281
Non-current lease liabilities	<b>1,837,601</b>	2,703,035
	<b>12,062,478</b>	12,030,130

### 16 Key Management Personnel Remuneration

Key Management Personnels (KMPs) are those people with the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Board of Directors, the CEO and the general managers are deemed to be KMPs.

Outside of normal citizen type transactions with the Company, there were no related party transactions that involved KMPs, their close family members and their personal business interests. There were no related party transactions required to be disclosed for 2019/20.

The total remuneration paid to key management personnel (including CEO and the general managers) of the Company is \$ 1,261,690 (10 people). (2019: \$ 1,510,632; 10 people).

# **Nillumbik Community Health Service Ltd**

ABN: 32 180 310 839

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

### **17 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

### **18 Related Parties**

**The Company's main related parties are as follows:**

Key management personnel - refer to Note 16.

There were no other transactions occurred between related parties or balances with any related parties.

### **19 Events Occurring After the Reporting Date**

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Company at the reporting date. As responses by government continue to evolve, the Company recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Company, its operations, its future results and financial position. The state of emergency and state of disaster were extended on 11 October 2020 until 8 November 2020.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### **20 Statutory Information**

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

Nillumbik Community Health Service Ltd

Carrington Health  
43 Carrington Road  
Box Hill, VIC 3128

healthAbility  
917 Main Road  
Eltham, Victoria 3095

# Nillumbik Community Health Service Ltd

ABN: 32 180 310 839

## Responsible Persons' Declaration

The directors of the Company are the Responsible Persons and declare that:

1. The financial statements and notes, as set out on pages 7 to 27, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Regulations 2013*; and
  - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
John Rasa

Director .....  
David Brant

Dated 29 October 2020

## Independent Audit Report to the members

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Nillumbik Community Health Service Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other 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 responsible persons' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the 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.

#### Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 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 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 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 the financial report.

## Nillumbik Community Health Service Ltd

### Independent Audit Report to the members

#### Auditor's Responsibilities for the Audit of the Financial Report (Continued)

As part of an audit in accordance with the 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 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 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.

We 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 we identify during our audit.



ACCRU MELBOURNE (AUDIT) PTY LTD



G D WINNETT  
Director

29 October 2020