

Bellarine Community Health Financial Report 2016-2017



Bellarine Community Health Ltd.
"Quality Living for a Valued Community"

Financial Report 2016/17

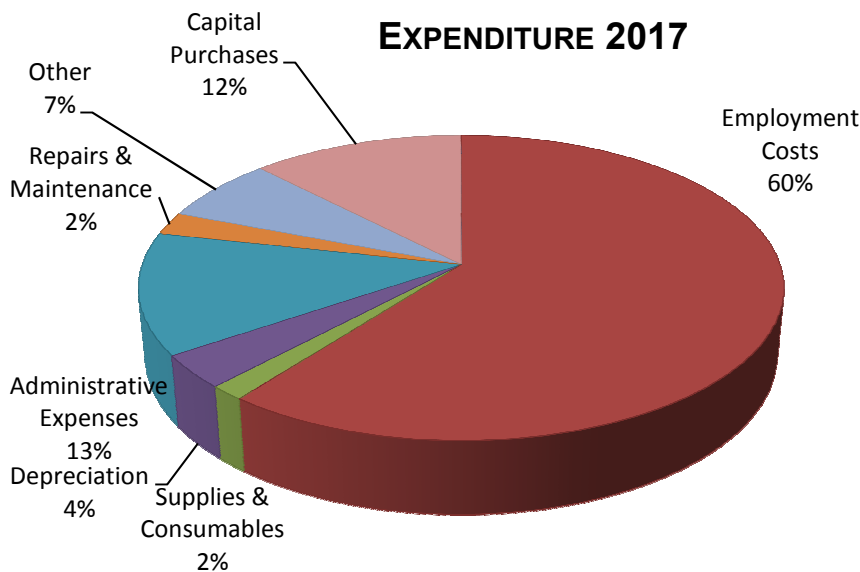
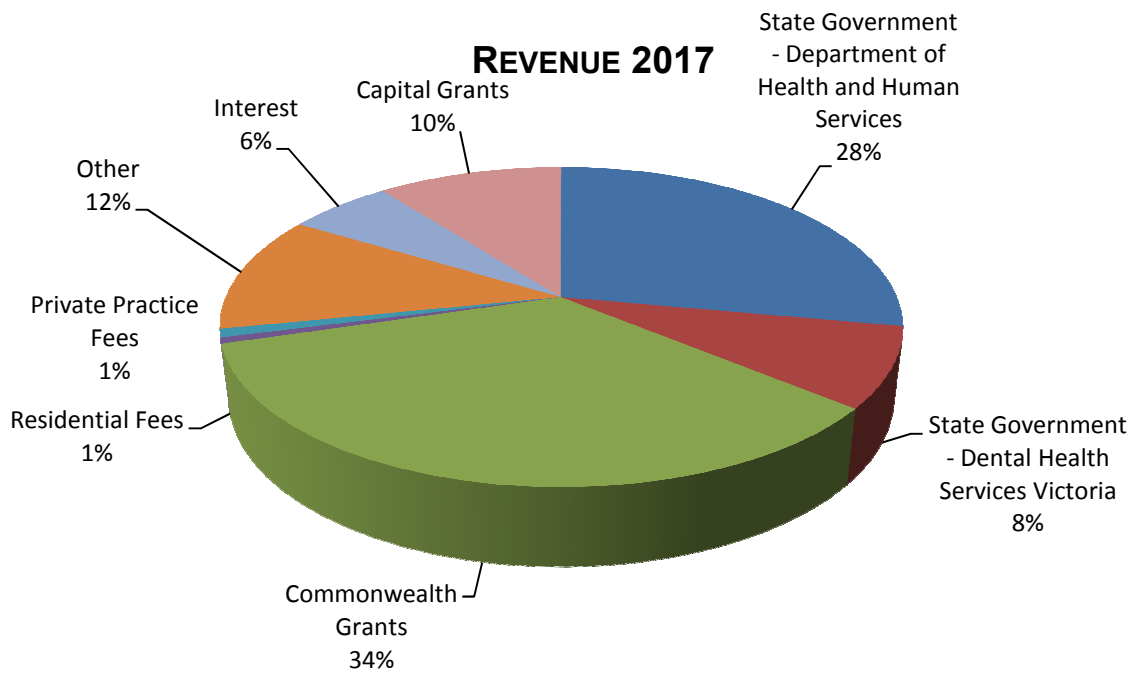
for the year ended 30 June 2017

Summary of Results

The financial report presents the organisation's financial performance and financial position for the year ending 30 June 2017. The accompanying notes provide further details of, and commentary on the summarised amounts appearing in the financial statements.

The result for the financial year was an operating surplus of \$1,040,312 compared to an operating surplus of \$1,405,686 in 2016. Please note that the current year operating surplus included capital grants received of \$1,060,586. \$1,053,000 was received from the Commonwealth Government in respect of the redevelopment of the Community Health Centre at the Point Lonsdale site. Thus, the operating deficit for the year was \$20,274 after excluding the capital grants received. However, this result included \$116,475 of Health and Wellbeing Fund donations paid out. The donations have been recorded as an operating expense.

The graphs below show a breakdown of revenue and expenses for the 2016/17 financial year.



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for the year ended 30 June 2017

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2017.

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 and the Australian Charities and Not for Profit Commissions Act 2012.

1. DIRECTORS

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

Ms Hazel Ingram (Chair)	01/07/2016-30/06/2017	Mrs Desiree Cohen	01/07/2016-07/11/2016
Mr Claude Savino (Vice Chair)	01/07/2016-07/11/2016	Mr Jim Fletcher	01/07/2016-18/05/2017
Mr Graeme Smith (Treasurer)	01/07/2016-30/06/2017	Mr Doug Grant (Vice Chair)	01/07/2016-30/06/2017
Mrs Von Philp	01/07/2016-30/06/2017	Ms Marion Westrup	01/07/2016-30/06/2017
Mrs Kristina Dimasi	01/07/2016-30/06/2017	Mr Damon Burn	21/11/2016-30/06/2017
Ms Margaret Belfrage	21/11/2016-30/06/2017	Mr Adam Murray	24/8/2017

2. INFORMATION ON DIRECTORS

Directors	Qualifications	Experience	Special Responsibilities
Ms Hazel Ingram	Advance Dip Business Management	Health/Human Resources, Corporate & Risk Management,	Board Chair/Finance & Audit Committee
Mr Graeme Smith – Ceased 27/07/2017	Chartered Accountant	Financial, Corporations Law	Treasurer/Finance & Audit Committee
Mrs Von Philp	B of Applied Science-Nursing & Bod Social Science-Counselling	Health, Risk Management, Clinical Governance	
Mrs Kristina Dimasi	B of Science & B of Laws	Law	Finance & Audit Committee
Mr Claude Savino – Ceased 07/11/2017	Dip Financial Planning Certificate of Superannuation	Financial/Audit Management	Board Vice Chair/Finance & Audit Committee
Mrs Desiree Cohen – Ceased 07/11/2017	Bachelor of Arts	Knowledge/commitment to the Community, Health issues/planning, Corporate management, Risk management, Users' perspective, Finance/audit	Quality & Safety Committee
Mr Jim Fletcher – Ceased – 21/04/2017	Bachelor Health Administration. Australian College of Health Service Executives, Institute of Public Administration Australia, Australian Institute of Company Directors	Knowledge/commitment to the Community, Health issues/planning. Law (Health), Human Resources, Corporate management, Capital management, Risk management, Users' perspective, Finance/audit, Clinical governance	Finance & Audit Committee
Prof Doug Grant	BSc (Hons), MSc (Melb), PhD (Reading)	Knowledge/commitment to the Community, Corporate management, Risk management, Users' perspective, Strategic information technology.	Vice Chair/Finance & Audit Committee
Ms Marion Westrup	Post Graduate Diploma in Community Health Nursing	Knowledge/ commitment to Community Health, Issues / Resources/Planning Risk management/clinical governance Commitment to community/lived users' perspective	Quality & Safety Committee Health and Wellbeing Committee on rotation
Mr Damon Burn	Bachelor of Physiotherapy (Hons) Master of Science -	Health/ research/Clinical Governance	Quality & Safety Committee



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	Musculoskeletal Physiotherapy Member Australian Physiotherapy Association AHPRA registered		
Ms Margaret Belfrage	Master of Business, Leadership & Organisation Dynamics, Certificate in Public Participation, Cert IV in Assessment & Workplace Training	Research, Strategic Planning, Organisation Design & Development, Change Management, Quality and Performance Systems, project Management.	Quality and Safety Committee
Mr Adam Murray	Bachelor of Business Graduate Diploma (Chartered Accounting) CA	Financial, Corporate Advisory in the Health and Not for Profit sector.	Finance & Audit Committee

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

3. DIRECTORS' MEETINGS

During the year, 12 meetings of Directors were held. Attendance by each director were as follows:

	Directors Meetings	
	Number eligible to attend	Number attended Attendance
Ms Hazel Ingram	12	12
Mr Graeme Smith	12	12
Mrs Von Philp	12	11
Mrs Kristina Dimasi	12	9
Mr Claude Savino	5	5
Mrs Desiree Cohen	5	5
Mr Jim Fletcher	10	10
Mr Doug Grant	12	10
Ms Marion Westrup	12	10
Mr Damon Burn	7	7
Ms Margaret Belfrage	7	7
Mr Adam Murray		

4. PRINCIPAL ACTIVITIES

The principal activities of the entity during the year were to provide primary health services on the Bellarine Peninsula. The entity has progressively developed as a significant multifaceted primary health care service.

The company is incorporated under the 'Corporations Act 2001' and is a company limited by guarantee, reporting in accordance with the Australian Charities and Not for Profit Commissions Act 2012. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the Company. At 30 June 2017 the number of members of the Company was 197 (2016: 229). The total amount that members of the company are liable to contribute if the company is wound up is \$394(2016: \$458).

Short Term Objectives

Bellarine Community Health's short term objectives are to focus on the delivery of primary health care services and to deliver quality services to the aged in their own homes. The latter includes an objective to expanding the number of Commonwealth Home Support Packages delivered into the consumers' homes.

Long Term Objectives

Bellarine Community Health's Strategic Plan for 2014-2016 has now come to a close. The Vision Statement was "Quality Living for a Valued Community". The strategic themes of the plan were:

- Community Matters to Us



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- Great at What We Do
- Here for the Long Term
- Where People Want to Work

The organisation was requested by the Department of Health and Human Services (Vic.) to put a hold on developing the 2017-2020 Strategic Plan and to await the department led Bellarine Peninsula Strategic Services Plan. This report has not yet been released.

Performance measures

Bellarine Community Health reports to a number of stakeholders, including the Department of Health and Human Services, Dental Health Services Victoria and the Department of Health (Commonwealth). All require key performance data.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future financial years other than disclosed above or elsewhere in the financial report.

Contingent Assets and Contingent Liabilities

Commonwealth funding of \$1,659,400 has been received to date for the development of the Point Lonsdale Community Health Centre. The remaining Commonwealth funding of \$1,340,600 is contingent upon the development achieving necessary milestones.

There are legal proceedings involving a wages dispute lodged by a previous employee. The claim relates to back payments of allowances to the value of \$137,787. There are no other known contingent assets or contingent liabilities as at the date of signing the accounts.

Indemnification of Officers and Auditors

Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

Significant Changes in State of Affairs

There are no significant changes in the state of affairs of the organisation.

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on the following page of the Financial Report.

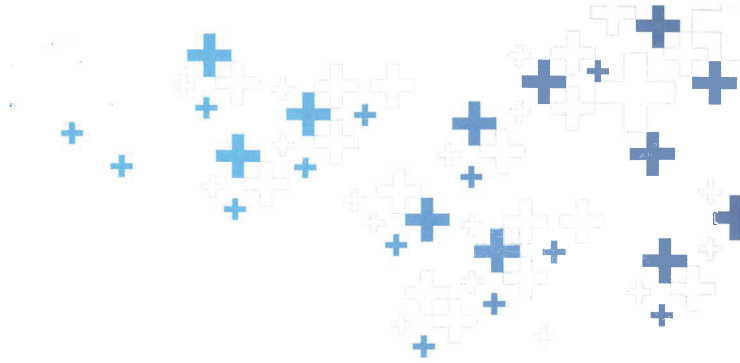
Signed in accordance with a resolution of the Board of Directors.



Mr Doug Grant
Board Chair

Dated this 26th October 2017





**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BELLARINE COMMUNITY HEALTH LTD**

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012* for the audit of Bellarine Community Health Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit

LBW Chartered Accountants

Sripathy Sarma
Principal

Date: 26 October 2017



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for the acts or omissions
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 \$	2016 \$
REVENUE			
Revenue from operating activities	2	8,442,762	8,330,273
Revenue from non-operating activities	2	1,650,980	1,969,768
		10,093,742	10,300,041
EXPENSES			
Employee entitlements	3	6,242,609	6,029,694
Supplies and consumables	3	160,839	133,771
Depreciation	3	363,170	379,240
Other expenses	3	2,286,812	2,351,650
		9,053,430	8,894,355
NET OPERATING SURPLUS/(DEFICIT)		1,040,312	1,405,686
Net surplus for the year		1,040,312	1,405,686
Other comprehensive income		-	-
Total comprehensive income (deficit)		1,040,312	1,405,686

The accompanying notes form part of these financial statements.



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STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,041,116	4,858,801
Receivables	7	274,207	356,587
Other financial assets	8	3,198,000	6,519,445
TOTAL CURRENT ASSETS		5,513,323	11,734,833
NON-CURRENT ASSETS			
Other financial assets	8	10,091,546	3,600,000
Property, plant and equipment	9	7,496,889	6,589,170
TOTAL NON-CURRENT ASSETS		17,588,435	10,189,170
TOTAL ASSETS		23,101,758	21,924,003
CURRENT LIABILITIES			
Trade and other payables	10	574,409	604,089
Provisions	11	1,094,958	918,857
Monies held in trust/residential bonds	12	413,771	475,786
TOTAL CURRENT LIABILITIES		2,083,138	1,998,732
NON-CURRENT LIABILITIES			
Provisions	11	309,636	256,599
TOTAL NON-CURRENT LIABILITIES		309,636	256,599
TOTAL LIABILITIES		2,392,774	2,255,331
NET ASSETS		20,708,984	19,668,672
EQUITY			
Retained Earnings		20,495,733	19,329,897
Financial specific purpose reserve	1(p)	213,251	338,775
TOTAL EQUITY		20,708,984	19,668,672

The accompanying notes form part of these financial statements.



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STATEMENT OF CHANGES IN EQUITY

	Retained Earnings \$	Financial Specific Purpose Reserve \$	Total \$
Balance at 1 July 2015	17,882,934	380,052	18,262,986
Total comprehensive income for the year			
Operating Surplus	1,405,686		1,405,686
Financial Specific Purpose Reserve outcomes			
(a)	44,172	(44,172)	-
Net Outcome of Transfers			
(b)	(2,895)	2,895	-
Total other comprehensive income for the year	1,446,963	(41,277)	1,405,686
Total comprehensive income for the year			
Balance at 30 June 2016	19,329,897	338,775	19,668,672
Balance at 1 July 2016	19,329,897	338,775	19,668,672
Total comprehensive income for the year			
Operating Surplus	1,040,312	-	1,040,312
Financial Specific Purpose Reserve outcomes			
(b) Net Outcome of Transfers	125,524	(125,524)	-
Total other comprehensive income (loss) for the year	1,165,836	(125,524)	1,040,312
Total comprehensive income for the year			
Balance at 30 June 2017	20,495,733	213,251	20,708,984

The accompanying notes form part of these financial statements.

- (a) Special purpose reserve transfer represents contributions/bequest with contingent/specific purpose that directors feel should be quarantined from general retained surpluses.
- (b) Net outcome of transfers represents funds to general retained surpluses upon completion or achievement of the special purpose project or objective (excess funds).



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STATEMENT OF CASH FLOWS

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		10,372,733	10,561,985
Cash paid to suppliers and employees		(9,390,505)	(9,425,550)
Investment interest		595,879	631,542
Net cash generated (used in) from operating activities	13	1,578,107	1,767,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,270,889)	(1,932,214)
Net payment for portfolio investments		(3,062,888)	-
Disposal of portfolio investments		-	4,146,662
Write off/(payment for) intangible asset		-	15,203
Net cash from (used in) investing activities		(4,333,777)	2,229,651
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from (payments of) monies held in trust/bonds		(62,015)	183,857
Net cash provided by (used in) financing activities		(62,015)	183,857
Net (decrease) increase in cash and cash equivalents		(2,817,685)	4,181,485
Cash and cash equivalents at beginning of year		4,858,801	677,316
Cash and cash equivalents at end of period	6	2,041,116	4,858,801

The accompanying notes form part of these financial statements.



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NOTES TO THE FINANCIAL STATEMENTS

The financial statements are for Bellarine Community Health Ltd as an individual entity, incorporated and domiciled in Australia. Bellarine Community Health Ltd is a company limited by guarantee

Note 1: Significant accounting policies

The principle accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised and amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are the mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Australian Charities and Not For Profit Commission Act 2012*.

Historical cost convention

The financial statements have been prepared under historical cost convention.

Basis for measurement

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the company.

a) Revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Bellarine Community Health Ltd may receive non-reciprocal contributions of assets from government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income. Residential fees include daily fees, income tested fees and retentions of accommodation bonds.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent to the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service(s) to the customer(s).

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

b) Property, Plant and Equipment

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



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NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

Freehold Property

Freehold land and buildings are shown at cost, or indicative fair value upon acquisition (deemed cost).

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of profit or 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 the 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 (refer to Note 1(e) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis and diminishing values over the asset's useful life to the entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	10.0 - 20.0%
Fixtures and fittings	5.0 - 20.0%
Motor Vehicles	25.0 - 25.0%

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 profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capital Works in Progress

Capital Works in Progress reflects expenditure on capital and redevelopment construction projects. Such capital expenditure is not subject to depreciation until such point that the project is complete and ready for use. Upon completion of each project the capital works in progress is transferred to the appropriate asset class and depreciated accordingly.

At balance date all expenditure considered capital work in progress is reviewed to ensure it is appropriately allocated to a qualifying and current capital project and not showing any signs of impairment. If impairment is noted or projects cease such cost incurred are immediately expensed.

c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.



NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

d) Financial Instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value. Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)



NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

Financial liabilities

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

Fair value

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

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the receivables or a group of receivables are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

De-recognition

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

e) Impairment of Assets

At the end of each reporting period, the entity 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 the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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

f) Employee Benefits

Provision is made for the company'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.



NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

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 entity to an employee superannuation fund and are charged as expenses when incurred.

Under the terms of the companies Enterprise Bargaining Agreement (EBA), employee entitlements in relation to Long Service Leave, vest after 10 years of service (contrary to Victorian legislative 7 years). Long Service Leave obligations deemed current have been reflected in accordance with the EBA requirements.

As a result of AASB 119 Employee Benefits—Annual Leave that is expected to be taken in excess of twelve months' time has been measured at the present value of the estimated future cash outflows to be made for those benefits. The total provision for Annual Leave has been shown as current.

g) Cash and Cash Equivalents

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

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.

i) Income Tax

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

j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

As detailed at note 11, the company is currently undertaking EBA negotiations with the expectation that the ratified agreements will entail 'back pay' components. Whilst no obligation exists, the Board deem it prudent to provide for the expected back pay and have provided accordingly.

k) Comparative Figures

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

l) Trade and other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.



NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

m) Critical Accounting Estimates and Judgments

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.

Key estimates

Impairment

The freehold land and buildings were not independently valued at 30 June 2017; directors have deemed no indicators of impairment on land held at fair value (deemed cost).

Key judgments

Fair Value through Profit and Loss

The company maintains a portfolio of securities with a carrying value of \$13,289,546 (2016, \$10,119,445) at the end of the reporting period. Managed investments totalling \$10,091,546 (2016, \$3,209,445) (refer note 8) were reviewed and directors determined there was a current year unrealised gain on assets held at fair value. Therefore, a gain of \$107,213 (2016, gain of \$38,176) was processed through the profit and loss statement.

n) Economic Dependence

Bellarine Community Health Ltd is dependent on the State of Victoria and the Commonwealth Governments for the majority of its revenue used to operate the business. Funding agreements are in place until 30 June 2018 and 30 June 2019 respectively. At the date of this report the Board of Directors has no reason to believe the Governments will not continue to support Bellarine Community Health Ltd.

o) Specific Restricted Purpose Reserve

A specific restricted purpose reserve is established where Bellarine Community Health Ltd has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

p) Accommodation Bonds

Bellarine Community Health has a liquidity management strategy to ensure there are sufficient funds to refund deposits. A designated ETU deposit has been set aside to cover the amount of accommodation bonds held in respect of the Eric Tolliday Units.

q) Functional and presentation currency

These financials are presented in Australian Dollars, which is the company's functional currency.

r) Health and Wellbeing Fund

In April 2016, a separate Health and Wellbeing Fund was established for \$1.2 Million for the Bellarine Community. The Community would be asked to subscribe for grants up to \$50,000. Grants of \$116,475 have been paid out during the year. This amount has been recorded as an operating expense. The remainder of the fund is included as part of Bellarine Community Health's investments. The interest earned is applied against the administrative costs of the fund (note 19).



Financial Report 2016/17

for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

Note 2: REVENUE AND OTHER INCOME

	2017	2016
	\$	\$
Revenue from Operating Activities		
Recurrent		
State Government Contributions		
Department of Human Services	2,815,975	5,182,270
Dental Health Services Victoria	816,164	987,471
Commonwealth Grants	3,470,933	738,966
Insurance Contribution by Human Services	1,267	89,233
Residential Fees	60,193	50,778
Donations	866	4,905
Private Practice Fees	85,882	103,449
Other	1,191,482	1,173,201
Total Recurrent Revenue	8,442,762	8,330,273
Total Revenue from Operating Activities	8,442,762	8,330,273
Revenue from Non-Operating Activities		
Interest	590,394	583,568
Capital Grants (Note 5)	1,060,586	1,386,200
Total Revenue from Non-Operating Activities	1,650,980	1,969,768
Total Revenue from All Sources	10,093,742	10,300,041



Financial Report 2016/17

for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

Note 3: EXPENDITURE	2017	2016
	\$	\$
Employee Entitlements		
Salaries and Wages	5,654,740	5,422,198
WorkCover	56,668	74,959
Superannuation	531,201	532,537
	6,242,609	6,029,694
 Supplies and Consumables		
Medical and General Supplies	144,467	117,423
Food Supplies	16,372	16,348
	160,839	133,771
 Depreciation		
Buildings	178,539	147,880
Plant and Equipment	176,061	219,945
Motor Vehicles	8,570	11,415
	363,170	379,240
 Other Expenses		
Domestic Services	18,972	17,499
Motor Vehicle	212,965	217,903
Administrative Expenses	1,329,221	1,487,209
Repairs and Maintenance	251,314	220,044
Unrealised loss/(gain) on financial assets	(107,213)	(38,176)
Audit Fees	8,000	12,500
Direct Care (Home Care Packages program)	573,553	434,671
	2,286,812	2,351,650
 Total Expenditure from all Sources	9,053,430	8,894,355
 Net Result	1,040,312	1,405,686



Financial Report 2016/17

for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

	Note	2017	2016
		\$	\$
Note 5: CAPITAL GRANTS REVENUE			
Technology Grant		7,856	-
Drysdale Redevelopment		-	930,000
Point Lonsdale Development		1,053,000	456,200
		<u>1,060,856</u>	<u>1,386,200</u>
Note 6: CASH AND CASH EQUIVALENTS			
Cash on Hand		1,040	1,040
Cash at Bank		2,040,076	4,857,761
		<u>2,041,116</u>	<u>4,858,801</u>
Note 7: RECEIVABLES			
Current			
Trade Debtors		120,054	71,624
Accrued Investment Income		71,239	76,724
Sundry Receivables		63,884	197,316
Prepayments		19,030	10,923
		<u>274,207</u>	<u>356,587</u>
Note 8. OTHER FINANCIAL ASSETS			
Current Other Financial Assets			
Investments held to maturity			
Term Deposits		3,198,000	5,310,000
Financial Assets held at fair value			
Managed Funds		95,071	1,307,688
Less: Provision for Impairment		(95,071)	(98,243)
Total Current		<u>3,198,000</u>	<u>6,519,445</u>
Non-Current Other Financial Assets			
Term Deposits		-	1,600,000
Financial Assets held at fair value			
Managed Funds		10,091,546	2,000,000
Total Non-Current		<u>10,091,546</u>	<u>3,600,000</u>
Total Other Financial Assets		<u>13,289,546</u>	<u>10,119,445</u>



Financial Report 2016/17

for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

	Note	2017 \$	2016 \$
Note 9: PROPERTY, PLANT AND EQUIPMENT AT COST			
Buildings		8,312,749	8,002,969
Less Accumulated Depreciation		(2,876,899)	(2,698,360)
Capital Works in progress	(a)	1,357,314	487,118
Total Buildings		6,793,164	5,791,727
Plant and Equipment		1,604,334	1,513,421
Less Accumulated Depreciation		(1,246,468)	(1,070,407)
Total Plant and Equipment		357,866	443,014
Motor Vehicles		196,796	196,796
Less Accumulated Depreciation		(170,937)	(162,367)
Total Motor Vehicles		25,859	34,429
TOTAL		7,176,889	6,269,170
AT DEEMED COST			
Land*		320,000	320,000
Total Land		320,000	320,000
Total Property, Plant and Equipment		7,496,889	6,589,170

(a) Capital works in progress

Construction is well under way with respect to the redevelopment of the Point Lonsdale Community Health Centre. \$927,274 has been spent to 30 June 2017 and the project is currently on time and on budget. The remaining amount of \$430,077 relates to preliminary works including architecture, modelling, concept plans, market analysis with respect to developing the site for independent living apartments. At present, the Board deems this amount to be recoverable.

*The value of Land was recognised at valuation at the time of initial incorporation of Bellarine Community Health Ltd.



Financial Report 2016/17

for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

Note 9: PROPERTY, PLANT AND EQUIPMENT (continued)

Movement 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 Cost \$	Buildings Cost \$	Furniture & Fittings, Plant and Equipment Cost \$	Motor Vehicles Cost \$	Total Cost \$
Balance at 1 July 2015	320,000	4,119,364	550,989	45,843	5,036,196
Additions		1,820,243	111,970	-	1,932,213
Disposals		-	-	-	-
Depreciation		(147,880)	(219,945)	(11,414)	(379,239)
Balance at 30 June 2016	320,000	5,791,727	443,014	34,429	6,589,170
Additions		1,179,976	90,913	-	1,270,889
Disposals		-	-	-	-
Depreciation	-	(178,539)	(176,061)	(8,570)	(363,170)
Balance at 30 June 2017	320,000	6,793,164	357,866	25,859	7,496,889

Note 10: TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Trade Payables	295,346	376,659
GST Liabilities	155,686	126,817
Accrued Wages and Salaries	112,451	88,140
Accrued Days Off	10,926	12,473
	<u>574,409</u>	<u>604,089</u>

Note 11: PROVISIONS

Current

Long Service Leave	478,487	429,135
Annual Leave	469,649	489,722
Wages and Salaries Review	146,822	-

Total Current

<u>1,094,958</u>	<u>918,857</u>
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Non-Current

Long Service Leave	309,636	256,599
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Total Employee Entitlements

<u>1,404,594</u>	<u>1,175,456</u>
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Financial Report 2016/17

for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

Note 11: PROVISIONS (continued)

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of leave being taken is based on historical data. Measurement and recognition criteria have been included in Note 1(f). The company is currently undergoing several negotiations with respect to the new Community Health Centre (Stand alone services) Multi Enterprise Agreements. A provision for back pay has been included in note 11, noted as Wages and Salaries Review.

Note 12. MONIES HELD IN TRUST/BONDS

	2017	2016
Current	\$	\$
Accommodation Bonds	144,980	205,689
Unspent Consumer Direct Packages (CDC) Funds	268,791	176,034
CDC Contingency Funds	-	94,063
	413,771	475,786

This is no longer a requirement to maintain a contingency in respect to clients' home care package funds.

Note 13: RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES TO OPERATING RESULT

	2017	2016
	\$	\$
Entity Operating Surplus for the Year	1,040,312	1,405,686
Adjustments for:		
Depreciation	363,170	379,240
Unrealised loss/(gain) on Financial Assets	(107,213)	(38,176)
Working capital changes:		
(Increase) / Decrease in trade and other receivables	82,380	48,133
Increase (Decrease) in trade and other payables	(29,690)	(37,221)
Increase (Decrease) in provisions	229,138	10,315
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	1,578,107	1,767,977

Note 14: COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable-minimum lease payments

-not later than 12 months

-between 12 months and 5 years

	120,159	102,183
	164,532	118,556
	284,691	220,739

Note 15: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Commonwealth funding of \$1,659,400 has been received to date for the development of the Point Lonsdale Community Health Centre. The remaining Commonwealth funding of \$1,340,600 is contingent upon the development achieving necessary milestones.

There are legal proceedings involving a wages dispute lodged by a previous employee. The claim relates to back payments of allowances to the value of \$137,787. There are no other known contingent assets or contingent liabilities as at the date of signing the accounts.



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for the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

Note 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2017	2016
	\$	\$
Key management personnel compensation	472,944	439,951
Number of key management personnel	4	3

The Executive Management Team consists of the Chief Executive Officer, Executive Manager Business Development and the Executive Manager Primary Health Care Services. The Executive Manager Primary Health Care Services has taken extended leave from 8 February 2017. Since then the Adult Health Coordinator has stepped up into that role. Accordingly, 4 persons have, at one time or another, occupied 3 positions.

Note 17: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. There have been no transactions involving loans to or loans from related parties; or receivables from and payables to related parties. During the financial year Board members were reimbursed expenses totalling \$15,157 (2016, \$6,345). These expenses were incurred relating to the organisation and also include training courses for Board members in respect of board governance.

Note 18: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable, and payable, and leases. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017	2016
Financial Assets		\$	\$
Cash and Cash Equivalents	6	2,041,116	4,858,801
Loans and Receivables	7	274,207	356,587
Assets at fair value	8	13,289,546	10,119,445
Total Financial Assets		<u>15,604,869</u>	<u>15,334,833</u>
Financial Liabilities			
Financial Liabilities at amortised cost:			
Trade and other Payables	10	574,409	604,089
Monies Held in Trust	12	413,771	475,786
Total Financial Liabilities		<u>988,180</u>	<u>1,079,875</u>

Fair Values

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss, the fair values have been based on closing quoted bid prices at the end of the reporting period. In determining the fair values of unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (ii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.



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for the year ended 30 June 2017

Note 19: HEALTH AND WELLBEING FUND

	2017	2016
	\$	\$
Brought forward balance	1,200,000	-
Funds set aside	-	1,200,000
Donations paid	(116,475)	-
Balance carried forward	1,083,525	1,200,000
	2017	2016
	\$	\$
Interest Received	31,422	11,880
Salaries and wages	(10,815)	(13,000)
Other consultants	-	(6,400)
Food	(646)	-
Advertising	(2,215)	(270)
Printing & Stationery	(220)	(2,000)
Operating Surplus (deficiency)	17,526	(9,790)

Funding Round 16A was called for in April 2016, and \$141,025 was committed to 19 projects by the Bellarine Community Health Board. Over the period, \$116,475 was paid out to these projects, with the balance scheduled to be paid out to projects with a two year term in subsequent financial years.

	Net committed funding	Funding paid out 2016/17	Balance net committed funding
Funding Round 16 A	\$141,025.00	\$116,475.00	\$24,550.00

Note 20: EVENTS OCCURRING AFTER THE REPORTING DATE

No events have occurred which require disclosure.

Note 21: SEGMENT REPORTING

Bellarine Community Health Ltd. operated in only one industry sector being Primary Health Care Services.

Note 22: COMPANY DETAILS

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

2-16 Nelson Road
Point Lonsdale VIC 3225



Financial Report 2016/17

for the year ended 30 June 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Bellarine Community Health Ltd. the Directors declare:

1. The financial statements and notes as set out on pages 7 to 24 are in accordance with the *Australian Charities and Not for Profit Commissions Act 2012* and:

- a. comply with Australian Accounting Standards reduced disclosure requirements; and
- b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the entity.

2. In the directors' opinion:

- a. There are reasonable grounds to believe that the registered entity will be able to pay all of its debts as and when they become due and payable.
- b. The financial statements and notes satisfy the requirements of the Australian Charities and Not for Profit Commissions Act 2012

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not for Profit Commission Regulations Act 2013.



Mr Doug Grant
Chair

Dated this 26th October 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BELLARINE COMMUNITY HEALTH LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report Bellarine Community Health Ltd, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the registered entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements to the extent described in Note 1 and complying with Division 60 of the *Charities and Not-for-profits 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 registered entity in accordance with the auditor independence requirements of the *Charities and Not-for-profits Commission Act 2012* 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 the Directors for the Financial Report

The directors of the registered entity 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 meet the requirements of the *Charities and Not-for-profits Commission Act 2012* (ACNC Act) and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the registered entity'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 registered entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the registered entity's financial reporting process.



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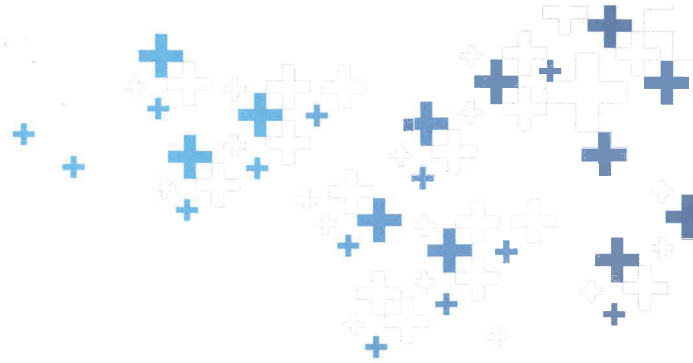
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Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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 registered entity'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 registered entity'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 registered entity 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.

LBW Chartered Accountants

Sripathy Sarma

Principal

Date: 26 October 2017



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