

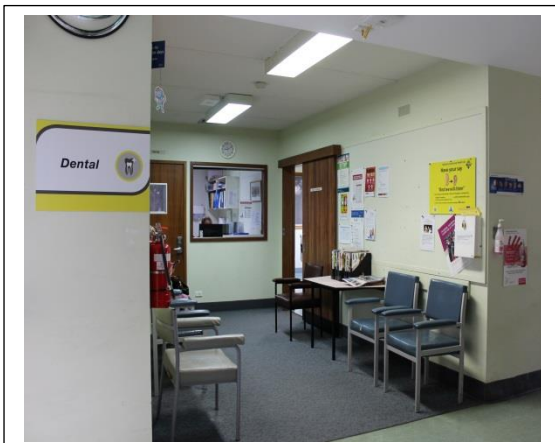


Bellarine Community Health Financial Report 2015-2016



Bellarine Community Health Ltd.

"Quality Living for a Valued Community"



Financial Report 2015/16 for the year ended 30 June 2016

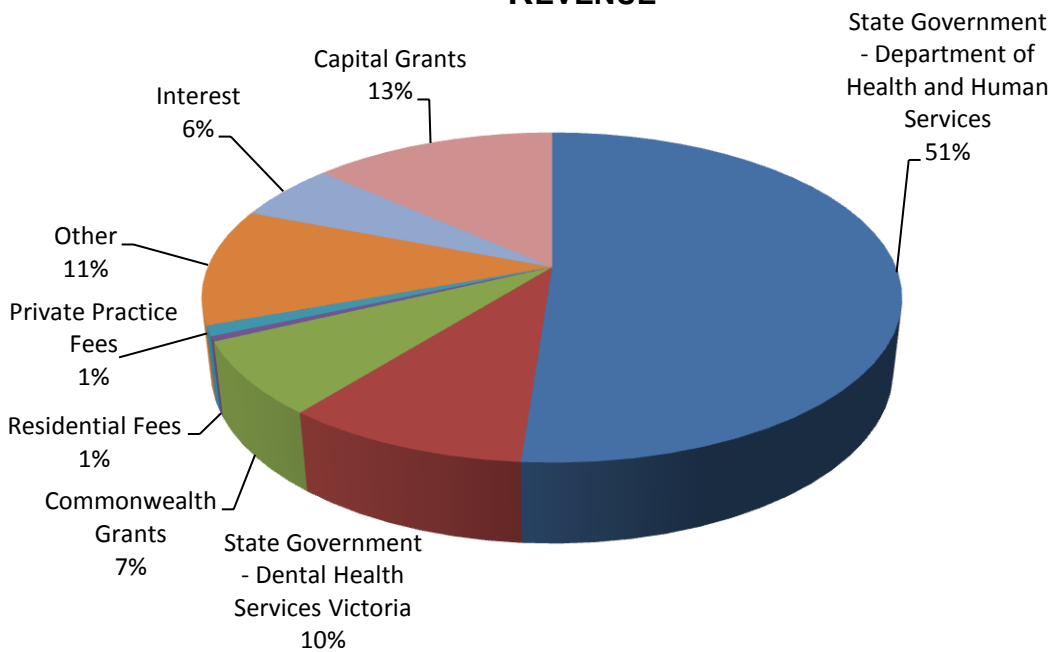
Summary of Results

The financial report presents the organisation's financial performance and financial position for the year ending 30 June 2016. The accompanying notes provide further details of, and commentary on the summarised amounts appearing in the financial statements.

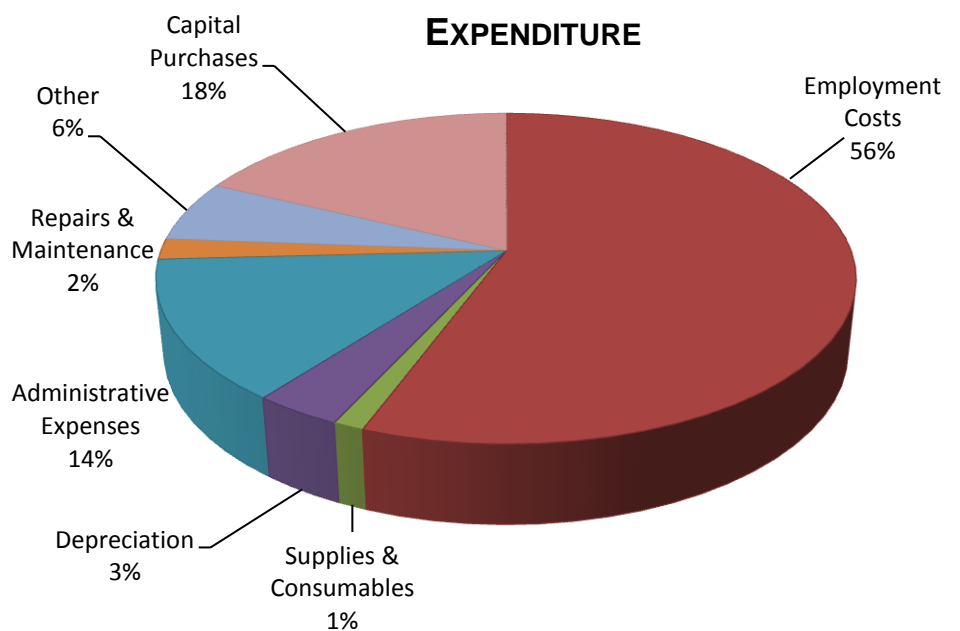
The result for the financial year was an operating surplus of \$1,405,686 compared to an operating deficit of \$ 504,966 in 2015. Please note that the current year operating surplus included capital grants received of \$1,386,200. \$930,000 was received from the State Government of Victoria in respect of the Drysdale redevelopment. \$456,200 was received from the Commonwealth Government in respect of the proposed redevelopment of the Community Health Centre at the Point Lonsdale site. Thus the operating surplus for the year was \$19,486 after excluding the capital grants received.

The graphs below show a breakdown of revenue and expenses for the 2015/16 financial year.

REVENUE



EXPENDITURE



Financial Report 2015/16

for the year ended 30 June 2016

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2016.

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)	01/07/2015-30/06/2016	Mrs Desiree Cohen	01/07/2015-30/06/2016
Mr Claude Savino (Vice Chair)	01/07/2015-30/06/2016	Mr Jim Fletcher	01/07/2015-30/06/2016
Mr Graeme Smith (Treasurer)	01/07/2015-30/06/2016	Mr Doug Grant	01/07/2015-30/06/2016
Mrs Von Philp	01/07/2015-30/06/2016	Ms Marion Westrup	23/11/2015-30/06/2016
Mrs Kristina Dimasi	01/07/2015-30/06/2016		

2. INFORMATION ON DIRECTORS

Directors	Qualifications	Experience	Special Responsibilities
Ms Hazel Ingram	Advance Dip Business Management	Health/Human Resources, Corporate & Risk Management,	Chair/Finance Committee
Mr Graeme Smith	Chartered Accountant	Financial, Corporations Law	Treasurer/Finance Committee
Mrs Von Philp	B of Applied Science-Nursing & Bod Social Science-Counselling	Health, Risk Management, Clinical Governance	Quality & Risk Committee
Mrs Kristina Dimasi	B of Science & B of Laws	Law	Vice Chair/Finance Committee
Mr Claude Savino	Dip Financial Planning Certificate of Superannuation	Financial/Audit Management	
Mrs Desiree Cohen	Bachelor of Arts	Knowledge/commitment to the Community, Health issues/planning, Corporate management, Risk management, Users' perspective, Finance/audit	Quality & Risk Committee
Mr Jim Fletcher	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 Committee
Mr Doug Grant	BSc (Hons), MDSc (Melb), PhD (Reading)	Knowledge/commitment to the Community, Corporate management, Risk management, Users' perspective, Strategic information technology.	Quality & Risk 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 & Risk Committee Health and Wellbeing Committee on rotation

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



Financial Report 2015/16

for the year ended 30 June 2016

3. DIRECTORS' MEETINGS

During the year, 11 meetings of Directors were held. Attendance by each director were as follows:

	Directors Meetings	
	Number eligible to attend	Number attended Attendance
Ms Hazel Ingram	11	10
Mr Graeme Smith	11	11
Mrs Von Philp	11	10
Mrs Kristina Dimasi	11	7
Mr Claude Savino	11	9
Mrs Desiree Cohen	11	10
Mr Jim Fletcher	11	8
Mr Doug Grant	11	8
Ms Marion Westrup	6	5

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 2016 the number of members of the Company was 229 (2015: 156). The total amount that members of the company are liable to contribute if the company is wound up is \$458 (2015: \$312:00).

Short Term Objectives

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

Long Term Objectives

Bellarine Community Health has released its Strategic Plan for 2014-2016. Its Vision Statement is "Quality Living for a Valued Community". The strategic themes of the plan are:

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

There are a number of strategic directions which underpin these themes.

Performance measures

Bellarine Community Health reports to a number of stakeholders, including the Department of Health and Human Services, Dental Service Victoria and the Department of Social Services (Aged Care). 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. *(continued next page)*

Contingent Assets and Contingent Liabilities

Commonwealth funding of \$606,400 has been received to date for the proposed development of the Point Lonsdale Community Health Centre. There are no other known contingent assets or liabilities for Bellarine Community Health as at 30 June 2016.



Financial Report 2015/16

for the year ended 30 June 2016

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 2016 has been received and can be found on the following page of the Directors Report.

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



Ms Hazel Ingram
Chair

Dated this 26th October 2016





Auditor Independence Declaration Under Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Directors of Bellarine Community Health Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 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.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

A handwritten signature in blue ink, appearing to read 'John Gavens'.

**John Gavens
Partner**

**Melbourne Victoria
Date: 26th day of October 2016**



Financial Report 2015/16

for the year ended 30 June 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016 \$	2015 \$
REVENUE			
Revenue from operating activities	2	8,330,273	9,310,103
Revenue from non-operating activities	2	1,969,768	816,554
		10,300,041	10,126,657
EXPENSES			
Employee entitlements	3	6,029,694	7,584,806
Supplies and consumables	3	133,771	225,397
Depreciation	3	379,240	458,719
Other expenses	3	2,351,650	2,362,701
		8,894,355	10,631,623
NET OPERATING SURPLUS/(DEFICIT)		1,405,686	(504,966)
Profit on discontinued operations; sale of Ann Nichol House (Assets, bed licences & business)		-	7,660,399
Net surplus/(deficit) for the year		1,405,686	7,155,433
Other comprehensive income		-	-
Total comprehensive income (deficit)		1,405,686	7,155,433

The accompanying notes form part of these financial statements.



Financial Report 2015/16

for the year ended 30 June 2016

STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	6	4,858,801	677,316
Receivables	7	356,587	404,720
Other financial assets	8	6,519,445	8,577,931
TOTAL CURRENT ASSETS		11,734,833	9,659,967
NON-CURRENT ASSETS			
Other financial assets	8	3,600,000	5,650,000
Property, plant and equipment	9	6,589,170	5,036,196
Intangibles	10	-	15,203
TOTAL NON-CURRENT ASSETS		10,189,170	10,701,399
TOTAL ASSETS		21,924,003	20,361,366
CURRENT LIABILITIES			
Trade and other payables	11	604,089	641,310
Provisions	12	918,857	959,139
Monies held in trust/residential bonds	13	475,786	291,929
TOTAL CURRENT LIABILITIES		1,998,732	1,892,378
NON-CURRENT LIABILITIES			
Provisions	12	256,599	206,002
TOTAL NON-CURRENT LIABILITIES		256,599	206,002
TOTAL LIABILITIES		2,255,331	2,098,380
NET ASSETS		19,668,672	18,262,986
EQUITY			
Retained Earnings		19,329,897	17,882,934
Financial specific purpose reserve	1(p)	338,775	380,052
TOTAL EQUITY		19,668,672	18,262,986

The accompanying notes form part of these financial statements.



Financial Report 2015/16

for the year ended 30 June 2016

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings \$	Financial Specific Purpose Reserve \$	Total \$
Balance at 1 July 2014	10,818,693	288,860	11,107,553
Total comprehensive income for the year			
Operating Deficit	(504,966)		(504,966)
Surplus on discontinued operation sale			
Other comprehensive income for the year	7,660,399		7,660,399
Additions to Financial Specific Purpose Reserve			
(a)	(124,541)	124,541	-
Net Outcome of Transfers			
(b)	33,349	(33,349)	-
Total other comprehensive income for the year	7,064,241	91,192	7,155,433
Total comprehensive income for the year			
Balance at 30 June 2015	17,882,934	380,052	18,262,986
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)	-
Transfer to Specific Purpose Reserve	(2,895)	2,895	-
Total other comprehensive income (loss) 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

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.



Financial Report 2015/16

for the year ended 30 June 2016

STATEMENT OF CASH FLOWS

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		10,561,985	10,416,035
Cash paid to suppliers and employees		(9,425,550)	(12,049,101)
Investment interest		631,542	583,185
Interest paid		-	(13,070)
Net cash generated (used in) from operating activities	14	1,767,977	(1,062,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,932,214)	(1,934,253)
Proceeds from sale of assets (below)	(a)	-	5,385,289
Net payment for portfolio investments		-	(4,440,358)
Disposal of portfolio investments		4,146,662	-
Write off/(payment for) intangible asset		15,203	(15,203)
Net cash from (used in) investing activities		2,229,651	(1,004,525)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from (payments of) monies held in trust/bonds		183,857	(163,664)
Net cash provided by (used in) financing activities		183,857	(163,664)
Net (decrease) increase in cash and cash equivalents		4,181,485	(2,231,140)
Cash and cash equivalents at beginning of year		677,316	2,908,456
Cash and cash equivalents at end of period	6	4,858,801	677,316

The accompanying notes form part of these financial statements.

(a) Proceeds from sale of Ann Nichol House, including bed licences, property, plant and equipment, land and business

Profit on Sale	7,660,399
Add written down value of land, buildings, plant and equipment, furniture and fittings sold	5,619,532
Less Accommodation Bonds transferred to Purchaser upon sale	(7,901,222)
Income/Expenses timing adjustments upon settlement	6,580
Proceeds on Sale	5,385,289



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.



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) Residential Aged Care Services

Residential Aged Care Services were divested at 28 November 2014.

j) Income Tax

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

k) 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.

l) Comparative Figures

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

m) 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)

n) 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 2016, 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 \$10,119,445 (2015, \$14,404,904) at the end of the reporting period. Managed investments totalling \$3,209,445 (2015, \$6,078,867) (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 \$38,176 (2015, loss of \$52,520) was processed through the profit and loss statement.

o) Economic Dependence

Bellarine Community Health Ltd is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the business. A new funding agreement for the next three years has recently been signed with the Department of Health and Human Services. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Bellarine Community Health Ltd.

p) 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.

q) 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.

r) Functional and presentation currency

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

s) 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. The first grant allocation occurred in August 2016 and \$77,000 was paid out. The \$1.2 Million is included as part of Bellarine Community Health's investments. The interest earned is applied against the administrative costs of the fund.



Financial Report 2015/16

for the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)

Note 2: REVENUE AND OTHER INCOME

	2016	2015
	\$	\$
Revenue from Operating Activities		
Recurrent		
State Government Contributions		
Department of Human Services	5,182,270	5,078,069
Dental Health Services Victoria	987,471	722,707
Commonwealth Grants	738,966	582,018
Insurance Contribution by Human Services	89,233	135,927
Residential Fees	50,778	501,718
Commonwealth Subsidies	-	854,170
Donations	4,905	14,940
Private Practice Fees	103,449	242,965
Other	1,173,201	1,177,589
Total Recurrent Revenue	8,330,273	9,310,103
Total Revenue from Operating Activities	8,330,273	9,310,103
Revenue from Non-Operating Activities		
Interest	583,568	576,668
Capital Grants (Note 5)	1,386,200	239,886
Total Revenue from Non-Operating Activities	1,969,768	816,554
Total Revenue from All Sources	10,300,041	10,126,657



Financial Report 2015/16

for the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

Note 3: EXPENDITURE	2016	2015
	\$	\$
Employee Entitlements		
Salaries and Wages	5,422,198	6,878,816
WorkCover	74,959	78,029
Superannuation	532,537	627,961
	6,029,694	7,584,806
 Supplies and Consumables		
Medical and General Supplies	117,423	123,410
Food Supplies	16,348	101,987
	133,771	225,397
 Depreciation		
Buildings	147,880	181,506
Plant and Equipment	219,945	262,008
Motor Vehicles	11,415	15,205
	379,240	458,719
 Other Expenses		
Domestic Services	17,499	54,162
Motor Vehicle	217,903	243,522
Administrative Expenses	1,487,209	1,407,702
Repairs and Maintenance	220,044	289,250,
Unrealised loss/(gain) on financial assets	(38,176)	52,520
Interest paid on bonds		13,070
Audit Fees	12,500	14,500
Direct Care	434,671	287,975
Food Services		-
Finance Charges		-
	2,351,650	2,362,701
 Total Expenditure from all Sources	8,894,355	10,631,623
 Net Result	1,405,686	(504,966)



Financial Report 2015/16

for the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

	Note	2016	2015
		\$	\$
Note 5: CAPITAL GRANTS REVENUE			
Technology Grant		-	19,686
Drysdale Redevelopment		930,000	70,000
Point Lonsdale Development		456,200	150,200
		1,386,200	239,886
Note 6: CASH AND CASH EQUIVALENTS			
Cash on Hand		1,040	1,040
Cash at Bank		4,857,761	676,276
		4,858,801	677,316
Note 7: RECEIVABLES			
Current			
Trade Debtors		71,624	147,377
Accrued Investment Income		76,724	124,698
Sundry Receivables		197,316	116,988
Prepayments		10,923	15,657
		356,587	404,720
Note 8. OTHER FINANCIAL ASSETS			
Current Other Financial Assets			
Investments held to maturity			
Term Deposits		5,310,000	8,149,064
Financial Assets held at fair value			
Managed Funds		1,307,688	553,320
Less: Provision for Impairment		(98,243)	(124,453)
Total Current		6,519,445	8,577,931
Non-Current Other Financial Assets			
Term Deposits		1,600,000	-
Financial Assets held at fair value			
Managed Funds		2,000,000	5,650,000
Total Non-Current		3,600,000	5,650,000
Total Other Financial Assets		10,119,445	14,227,931



Financial Report 2015/16

for the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

	Note	2016 \$	2015 \$
Note 9: PROPERTY, PLANT AND EQUIPMENT AT COST			
Buildings		8,002,969	6,276,349
Less Accumulated Depreciation		(2,698,360)	(2,563,418)
Capital Works in progress	(a)	487,118	406,433
Total Buildings		5,791,727	4,119,364
Plant and Equipment		1,513,421	2,635,704
Less Accumulated Depreciation		(1,070,407)	(2,084,715)
Total Plant and Equipment		443,014	550,989
Motor Vehicles		196,796	196,796
Less Accumulated Depreciation		(162,367)	(150,953)
Total Motor Vehicles		34,429	45,843
TOTAL		6,269,170	4,716,196
AT DEEMED COST			
Land*		320,000	320,000
Total Land		320,000	320,000
Total Property, Plant and Equipment		6,589,170	5,036,196

(a) Capital works in progress are further detailed at Note 16.

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



Financial Report 2015/16

for the year ended 30 June 2016

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 2014	570,000	7,707,355	841,791	61,048	9,180,194
Additions	1,600,260	218,675	115,318	-	1,934,253
Disposals	(1,850,260)	(3,625,160)	(144,112)	-	(5,619,532)
Depreciation	-	(181,506)	(262,008)	(15,205)	(458,719)
Balance at 30 June 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

Note 10: INTANGIBLE ASSETS

	2016 \$	2015 \$
Client Management Software project development	-	15,203

Note 11: TRADE AND OTHER PAYABLES

	2016 \$	2015 \$
Trade Payables	376,659	243,087
GST Liabilities	126,817	121,397
Accrued Wages and Salaries	88,140	258,919
Accrued Days Off	12,473	17,907
	<u>604,089</u>	<u>641,310</u>

Note 12: PROVISIONS

Current

Long Service Leave	429,135	541,843
Annual Leave	489,722	417,296
Total Current	<u>918,857</u>	<u>959,139</u>

Non-Current

Long Service Leave	256,599	206,002
Total Employee Entitlements	<u>1,175,456</u>	<u>1,165,141</u>



Financial Report 2015/16

for the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

Note 12: 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).

Note 13. MONIES HELD IN TRUST/BONDS

	2016	2015
	\$	\$
Current		
Accommodation Bonds	205,689	210,809
Unspent Consumer Direct Packages (CDC) Funds	176,034	26,569
CDC Contingency Funds	94,063	54,551
	475,786	291,929

Note 14: RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES TO OPERATING RESULT

	2016	2015
	\$	\$
Entity Operating Surplus (Deficit) for the Year	1,405,686	7,155,433
Adjustments for:		
Depreciation	379,240	458,719
Unrealised loss/(gain) on Financial Assets	(38,176)	52,520
Profit on sale – Ann Nichol house	-	(7,660,399)
Settlement adjustments - Ann Nichol house	-	(6,580)
Working capital changes:		
(Increase) / Decrease in trade and other receivables	48,133	(74,349)
Increase (Decrease) in trade and other payables	(37,221)	(415,077)
Increase (Decrease) in provisions	10,315	(573,218)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	1,767,977	(1,062,951)

Note 15: 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	102,183	148,373
-between 12 months and 5 years	118,556	169,499
	220,739	317,872

Note 16: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

A Planning Permit is being sought for the redevelopment of the Point Lonsdale site. The Commonwealth Government will be providing \$3 million of capital grants. There are no other known contingent assets or liabilities for Bellarine Community Health as at 30 June 2016.

Note 17: EVENTS OCCURRING AFTER THE REPORTING DATE

The company is currently undergoing several negotiations with respect to the new Community Health Centre (Stand alone services) Multi Enterprise Agreements. The Nurses & Midwives EBA has recently been completed and will be fully funded by the State Government of Victoria. A wage increase has been included in the 2016-17 operational budget to provide for other increases. Any back pay is not expected to be material.



Financial Report 2015/16

for the year ended 30 June 2016

NOTES TO THE FINANCIAL STATEMENTS--(CONTINUED)

Note 18: 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:

	2016	2015
	\$	\$
Key management personnel compensation	439,951	409,094
Number of key management personnel	3	4

Note 19: 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 \$6,345 (2015,\$6,273). These expenses were incurred relating to the organisation.

Note 20: 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	2016	2015
Financial Assets		\$	\$
Cash and Cash Equivalents	6	4,858,801	677,316
Loans and Receivables	7	356,587	404,720
Assets at fair value	8	10,119,445	14,227,931
Total Financial Assets		15,334,833	15,309,967
Financial Liabilities			
Financial Liabilities at amortised cost:			
Trade and other Payables	11	604,089	641,310
Monies Held in Trust	13	475,786	291,929
Total Financial Liabilities		1,079,875	933,239

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.

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 2015/16

for the year ended 30 June 2016

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 2016 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.



Ms Hazel Ingram
Chair

Dated this 26th October 2016





Independent Auditor's Report to the Members of Bellarine Community Health Limited

Report on the financial report

We have audited the accompanying financial report, of Bellarine Community Health Limited (the company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the 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 the *Australian Charities and Not-for-profits Commission Act 2012* 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Bellarine Community Health Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Auditor's opinion

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

- a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

A handwritten signature in blue ink, appearing to read "John Gavens", written in a cursive style.

John Gavens
Partner

Melbourne Victoria
Dated this 26th day of October 2016

