



# Financial REPORT

2020-2021



Financial Statements for the year ended  
30 June 2021 | ABN 98 227 492 950

Ballarat Community Health (BCH) acknowledges the Wadawurrung People as the Traditional Custodians of the land on which our sites are located. We are a Rainbow Tick organisation and welcome people from all cultures and backgrounds to our service.



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# Directors' report

The directors present their report, together with the financial statements of Ballarat Community Health (BCH) for the year ended 30 June 2021.

## Directors

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

- Paul Ryan (Chairperson)
- Jessie Harman (Deputy Chairperson)
- Stephen Bigarelli (Finance & Audit (FA) Committee Chairperson) Leave of absence 30.04.2021 - 01.11.2021 inc.
- John Laursen
- Megan May
- Mathew Muldoon (Acting FA Committee Chair from 01.05.2021)
- Robert Hook
- Maria Palmer
- Michelle Stares (from November 2020)
- Rebecca Fraser (from November 2020)

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

## Principal activities

The principal activities for the year ending 30 June 2021 have been the delivery of health treatment and support services, and health promotion and prevention programs to members of the Ballarat and Central Highlands communities in accordance with identified community needs and the formal objectives of BCH.

Like individuals, the families and communities of our region have had to live with and adapt to the impacts of the COVID-19 Pandemic event. In particular, they have had to remain agile, continuously interchanging between face to face and digital telehealth services in response to health department regulations and instructions. The speed of change on regular systems and processes threatened to impact the delivery of high-quality services, however, through the focussed dedication of staff the company not only adapted but managed to grow services and contribute to the community response.

Challenges overcome during the year included the ongoing impacts of various COVID-19 lockdowns and ensuring we continued to deliver quality services whether they were face to face or via digital

means. We restructured our Executive Team and divisions to maximise our impact for our clients, whilst ensuring we had a strong focus on both current and future service delivery. We prepared our organisation to be ready for new opportunities that arose through the findings of the Royal Commissions into Mental Health and Aged Care, to better support our local community.

Highlight achievements included the completion of our new Strategic Plan which outlines our purpose, guiding principles and provides us with focus in relation to our Service Delivery Priorities. We completed the construction works at our Cooyinda site; this site now provides our community with a Mental Health Hub where we can deliver essential supports to those in need. Finally, we contributed strongly to the ongoing effort to minimise the impact of the current COVID-19 pandemic. A significant piece of BCH's effort this year has been contributing to COVID-19 testing, providing a variety of options for the community to access COVID-19 vaccinations and supporting the most vulnerable high risk members of our community through targeted outreach to at risk locations (\$0.8m).

### **Strategic Plan - 2021 and Beyond.**

Our new Strategic Plan has established the following Purpose, Guiding Principles and Service Priorities that help to direct our work over the coming period.

#### **Purpose**

Health and Wellbeing for all, with a commitment to the most vulnerable

#### **Guiding Principles**

We will be committed to:

1. Addressing health and social inequalities
2. Using evidence and best practice lived experience and co-design
3. Improving service integration and cross program coordination
4. Working alongside and partnering with community, particularly valuing the diverse backgrounds and experiences of everyone in our community
5. Delivering safe, quality, person-centred care embedded in robust quality improvement and clinical governance frameworks
6. Partnering with others, building effective respectful relationships with our stakeholders
7. Investing in our staff as our greatest resource, we will support and harness the capacity and passion of our workforce
8. Thinking differently about how we are funded and delivering services into the future to ensure our long-term sustainability.

# Directors' report

## Service Priorities

1. Influence and advocate for improved public health policy, programs, services and outcomes for our region.
2. Meet local needs to expand access to services across:
  - Primary Care
  - Mental Health
  - Addiction Support and Treatment
  - Healthy Ageing
  - Children and Youth Health and Wellbeing Services

## Performance measures

BCH measures performance using both qualitative and quantitative methodologies.

As an organisation funded by both State and Commonwealth funding, BCH is required to report performance outcomes at different intervals as specified in the funding and service agreements. Usually this is monthly and/or quarterly. At least annually there is a requirement to provide qualitative reports including client stories, vignettes, complaints and compliments data for a majority of programs. Reporting to our funders can also come in the form of reporting against a predetermined activity plan or business plan.

Strategically BCH is required to measure and report on performance as it pertains to the legislative and regulatory frameworks that govern our services. Each area is accredited and assessed periodically against the standards set by the funding body.

Internally BCH has three board subcommittees that measure performance through an annual work plan. These subcommittees are the Quality of Care Committee, the Finance and Audit Committee and the Corporate Governance Committee. Operational reporting processes ensure BCH has an annual operational business plan that reports on overall operational performance and a Strategic Plan that progress is reported to the BCH Board of Directors quarterly.

## Information on directors

| <b>Paul Ryan</b>                                 |   |
|--|---|
| Qualification                                    | DipT, B. Theol, Grad. Dip. Psych. Stud, BSc(Hons), GAICD  |
| Special responsibilities                         | Board Chairperson   |
| <b>Stephen Bigarelli</b>                         |   |
| Qualification                                    | CPA   |
| Special responsibilities                         | Chair of Finance & Audit Committee (on leave of absence as Chair from 30 May 2021 til 30 June 2021)   |
| <b>Rebecca Fraser</b> (appointed November 2020)  |   |
| Qualification                                    | MEmpLabRelLaw, GDipEmp&LRelLaw, MAICD   |
| Special responsibilities                         | Member of Corporate Governance Committee (from November 2020)   |
| <b>John Laursen</b>                              |   |
| Qualification                                    | GradDipACG, MDefStud, BA, CertIV (Compliance Management), FGIA, FCIS, MAICD   |
| Special responsibilities                         | Chair of Corporate Governance Committee   |
| <b>Megan May</b>                                 |   |
| Qualification                                    | BSc, MHSc (Osteopathy), Grad Cert AHM, Cert IV (Breastfeeding Education), GAICD   |
| Special responsibilities                         | Chair of Quality of Care Committee  |
| <b>Mathew Muldoon</b>                            |   |
| Qualification                                    | B.Ec (Accounting) Chartered Accountant, Member of ARITA, Registered and Official Liquidator   |
| Special responsibilities                         | Member Finance & Audit Committee, Acting Chair Finance & Audit Committee 1 May 2021 til 30 June 2021  |
| <b>Robert Hook AM</b>                            |   |
| Qualification                                    | F CPA   |
| Special responsibilities                         | Member of Finance & Audit Committee   |
| <b>Maria Palmer</b>                              |   |
| Qualification                                    | B.Sc; GAICD   |
| Special responsibilities                         | Member of Finance & Audit Committee and Quality of Care Committee   |
| <b>Jessie Harman</b>                             |   |
| Qualification                                    | PhD; MBA; BA(Hons), MAICD   |
| Special responsibilities                         | Board Deputy Chairperson (from 6 Nov 2019) and Member of Corporate Governance Committee and Quality of Care Committee from July 2020 - Sept 2020<br>Member of Finance & Audit Committee from Sept 2020 - Jun 2021 |
| <b>Michelle Stares</b> (appointed November 2020) |   |
| Qualification                                    | MBA - Graduate Diploma, MAICD   |
| Special responsibilities                         | Member of Quality of Care Committee   |

## Company secretary

David Stevens held the position of company secretary from 23 November 2018 until his resignation on 26 February 2021. Sean Duffy was appointed Company Secretary on 19 February 2021 and is current at the end of the financial year.

|                      |   |
|----------------------|---|
| <b>David Stevens</b> | <b>Resigned 26 February 2021</b>  |
| Qualifications:      | AssocDipAcc, MBA  |
| Experience:          | Worked at BCH for the past four and half years in the role of General Manager, Corporate Services until his resignation in February 2021. |
| <b>Sean Duffy</b>    | <b>Appointed 19 February 2021</b>   |
| Qualifications       | MBA; Bachelor of Nursing; RPN   |
| Experience           | CEO for 3 years, Executive Manager of various Health and Community Organisations previous to his role at BCH.                             |

## Meetings of directors

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows: (11 Board, 11 Finance & Audit Committee, 4 Quality of Care Committee and 4 Corporate Governance Committee)

|                   | Directors' meetings |          |                           |          |                           |          |                       |          |
|-------------------|---------------------|----------|---------------------------|----------|---------------------------|----------|-----------------------|----------|
|                   | Board of Directors  |          | Finance & Audit Committee |          | Quality of Care Committee |          | Governance Committee  |          |
|                   | Eligible            | Attended | Eligible <sup>1</sup>     | Attended | Eligible <sup>1</sup>     | Attended | Eligible <sup>1</sup> | Attended |
| Paul Ryan         | 11                  | 11       |                           |          |                           |          | 4                     | 3        |
| Stephen Bigarelli | 9                   | 7        | 11                        | 9        |                           |          |                       |          |
| Rebecca Fraser    | 7                   | 7        |                           |          |                           |          | 3                     | 3        |
| John Laursen      | 11                  | 10       |                           |          |                           |          | 4                     | 3        |
| Megan May         | 11                  | 10       |                           |          | 4                         | 4        |                       |          |
| Mathew Muldoon    | 11                  | 9        | 11                        | 10       |                           |          |                       |          |
| Robert Hook       | 11                  | 11       | 11                        | 11       |                           |          |                       |          |
| Maria Palmer      | 11                  | 11       | 5                         | 4        | 3                         | 3        |                       |          |
| Jessie Harman     | 11                  | 11       | 6                         | 5        |                           |          |                       |          |
| Michelle Stares   | 7                   | 5        |                           |          | 3                         | 3        |                       |          |

<sup>1</sup> While not being a formal member of the committee at times during the year board members attended other committee meetings.



#### After balance date events

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

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


#### Contributions on winding up

In the event of BCH being wound up, ordinary members are not required to contribute.

#### Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found immediately after this directors' report.

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

  
.....  
Paul Ryan, Chairperson  
.....  
Mathew Muldoon, Acting Finance & Audit Chair

Dated this 22 day of October 2021

## Auditor-General's Independence Declaration

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

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

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

### *Independence Declaration*

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

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



MELBOURNE  
26 October 2021

Travis Derricott  
as delegate for the Auditor-General of Victoria

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

|   | Note | 2021<br>\$          | 2020<br>\$          |
|---|------|---------------------|---------------------|
| <b>Revenue</b>  |      |                     |                     |
| Grants  | 2.1  | 20,411,207          | 14,515,413          |
| Services revenue  | 2.2  | 4,942,754           | 4,387,916           |
| Investment revenue  | 2.3  | 338,830             | 338,490             |
| Other   | 2.4  | 45,313              | 262,184             |
| <b>Total revenue</b>  |      | <b>25,738,104</b>   | <b>19,504,003</b>   |
| <b>Expenses</b>   |      |                     |                     |
| Operating expenditure   | 3.1  | (22,087,513)        | (19,185,377)        |
| Depreciation  | 4.4  | (824,111)           | (803,110)           |
| Impairment expense  |      | 3,333               | (159,783)           |
| Finance costs   |      | (5,773)             | (9,156)             |
| <b>Total expenses</b>   |      | <b>(22,914,064)</b> | <b>(20,157,426)</b> |
| <b>Surplus/(Deficit) for the year</b>   |      | <b>2,824,040</b>    | <b>(653,423)</b>    |
| <b>Other comprehensive income</b>   |      |                     |                     |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                             |      |                     |                     |
| (Loss)/gain on the revaluation of equity instruments at fair value through other comprehensive income |      | 791,748             | (35,145)            |
| <b>Other comprehensive income for the year</b>  |      | <b>791,748</b>      | <b>(35,145)</b>     |
| <b>Total comprehensive income for the year</b>  |      | <b>3,615,788</b>    | <b>(688,568)</b>    |

## Statement of Financial Position

As at 30 June 2021

|  | Note | 2021              | 2020              |
|--|------|-------------------|-------------------|
|  |      | \$                | \$                |
| <b>ASSETS</b>                          |      |                   |                   |
| <b>Current Assets</b>                  |      |                   |                   |
| Cash and cash equivalents              | 6.1  | 1,388,822         | 4,345,438         |
| Receivables                            | 5.1  | 663,839           | 883,438           |
| Investments and other financial assets | 4.1  | 8,470,104         | 7,008,685         |
| Other assets                           | 5.2  | 96,810            | 106,645           |
| <b>Total Current Assets</b>            |      | <b>10,619,575</b> | <b>12,344,206</b> |
| <b>Non-Current Assets</b>              |      |                   |                   |
| Property, plant and equipment          | 4.2  | 21,451,413        | 18,699,816        |
| Right-of-use assets                    | 4.3  | 70,603            | 141,206           |
| <b>Total Non-Current Assets</b>        |      | <b>21,522,016</b> | <b>18,841,022</b> |
| <b>TOTAL ASSETS</b>                    |      | <b>32,141,591</b> | <b>31,185,228</b> |
| <b>LIABILITIES</b>                     |      |                   |                   |
| <b>Current Liabilities</b>             |      |                   |                   |
| Payables                               | 5.3  | 1,452,233         | 1,213,052         |
| Contract liabilities                   | 5.4  | 277,563           | 3,563,594         |
| Lease liabilities                      | 6.2  | 73,801            | 70,555            |
| Provisions                             | 3.2  | 2,684,833         | 1,981,655         |
| <b>Total Current Liabilities</b>       |      | <b>4,488,430</b>  | <b>6,828,856</b>  |
| <b>Non-Current Liabilities</b>         |      |                   |                   |
| Lease liabilities                      | 6.2  | -                 | 73,801            |
| Provisions                             | 3.2  | 769,953           | 1,015,150         |
| <b>Total Non-Current Liabilities</b>   |      | <b>769,953</b>    | <b>1,088,951</b>  |
| <b>TOTAL LIABILITIES</b>               |      | <b>5,258,383</b>  | <b>7,917,807</b>  |
| <b>NET ASSETS</b>                      |      | <b>26,883,208</b> | <b>23,267,421</b> |
| <b>EQUITY</b>                          |      |                   |                   |
| Financial asset revaluation reserve    |      | 1,206,630         | 478,524           |
| Property asset revaluation reserve     |      | 1,364,987         | 1,364,987         |
| Retained surpluses                     |      | 24,311,591        | 21,423,910        |
| <b>TOTAL EQUITY</b>                    |      | <b>26,883,208</b> | <b>23,267,421</b> |

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

|  | Financial<br>asset<br>revaluation<br>reserve<br>\$ | Property<br>asset<br>revaluation<br>reserve<br>\$ | Retained<br>surpluses<br>\$ | Total equity<br>\$ |
|--|--|---|-----------------------------|--------------------|
| <b>Balance at 1 July 2019</b>  | 718,263  | 1,364,987   | 21,872,739                  | 23,955,989         |
| (Deficit) for the year   | -  | -   | (653,423)                   | (653,423)          |
| Total other comprehensive income for the year                                    | (35,145)   | -   | -                           | (35,145)           |
| Transfer of gains/(losses) on derecognition of<br>financial assets held at FVOCI | (204,594)  | -   | 204,594                     | -                  |
| <b>Balance at 30 June 2020</b>   | <b>478,524</b>                                     | <b>1,364,987</b>                                  | <b>21,423,910</b>           | <b>23,267,421</b>  |
| <b>Balance at 1 July 2020</b>  | 478,524  | 1,364,987   | 21,423,910                  | 23,267,421         |
| Surplus/(Deficit) for the year   | -  | -   | 2,824,040                   | 2,824,040          |
| Total other comprehensive income for the year                                    | 791,748  | -   | -                           | 791,748            |
| Transfer of gains/losses on derecognition of<br>financial assets held at FVOCI   | (63,641)   | -   | 63,641                      | 0                  |
| <b>Balance at 30 June 2021</b>   | <b>1,206,630</b>                                   | <b>1,364,987</b>                                  | <b>24,311,593</b>           | <b>26,883,208</b>  |

## Statement of Cash Flows

For the year ended 30 June 2021

|  | Note  | 2021               | 2020             |
|--|-------|--------------------|------------------|
|  |       | \$                 | \$               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |       |                    |                  |
| Receipts from customers (including GST)                    |       | 5,375,846          | 4,952,359        |
| Receipts from grants (including GST)                       |       | 18,677,007         | 15,495,174       |
| Payments to suppliers and employees (including GST)        |       | (22,976,390)       | (20,025,129)     |
| Interest received  |       | 65,954             | 139,074          |
| Dividends received   |       | 172,999            | 281,355          |
| Interest paid  |       | (5,773)            | (9,156)          |
| <b>Net cash provided by operating activities</b>           | 6.1.1 | <b>1,309,643</b>   | <b>833,677</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |       |                    |                  |
| Purchase of property plant and equipment                   |       | (3,565,592)        | (3,212,601)      |
| Proceeds from disposal of property plant and equipment     |       | (669,672)          | 55,688           |
| Proceeds/(purchase) of term deposits                       |       | 0                  | 3,098,399        |
| Proceeds from sale of investment portfolio                 |       | 39,560             | 842,671          |
| <b>Net cash provided by/(used in) investing activities</b> |       | <b>(4,195,704)</b> | <b>784,157</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |       |                    |                  |
| Repayment of lease liabilities                             |       | (70,555)           | (107,458)        |
| <b>Net cash used in financing activities</b>               |       | <b>(70,555)</b>    | <b>(107,458)</b> |
| Net increase/(decrease) in cash and cash equivalents held  |       | (2,956,617)        | 1,510,376        |
| Cash and cash equivalents at beginning of financial year   |       | 4,345,438          | 2,835,062        |
| <b>Cash and cash equivalents at end of financial year</b>  | 6.1   | <b>1,388,821</b>   | <b>4,345,438</b> |

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 1 Summary of Significant Accounting Policies

The financial statements cover Ballarat Community Health (BCH) as an individual entity, incorporated and domiciled in Australia. BCH is a company limited by guarantee.

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

### New or amended Accounting Standards and Interpretations adopted

BCH has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

### Basis of preparation

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

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

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

The financial statements are prepared on a going concern basis.

#### *Critical accounting estimates*

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

#### a) Company details

The registered office and principal place of business is:

Ballarat Community Health  
12 Lilburne Street, Lucas VIC 3350

#### b) 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). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 1 Summary of Significant Accounting Policies (cont.)

#### c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

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

#### d) Income tax

No provision for income tax has been raised as BCH is exempt from income tax pursuant to Division 50, section 50-10 of the *Income Tax Assessment Act 1997*.



## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 2 Funding Delivery of Our Services

BCH's overall objective is the delivery of health treatment and support services, and health promotion and prevention programs to members of the Ballarat and Central Highlands communities in accordance with identified community needs and the formal objectives of BCH. To enable BCH to fulfil its objective it receives income primarily from government funding. BCH also receives income from the supply of services as outlined in the statement of profit or loss and other comprehensive income.

- 2.1: Grants received
- 2.2: Services revenue
- 2.3: Investment income
- 2.4: Other income
- 2.5: Recognition of revenue and income

|                                      | 2021<br>\$        | 2020<br>\$        |
|--------------------------------------|-------------------|-------------------|
| <b>Note 2.1: Grants</b>              |                   |                   |
| State Government grants              | 15,242,854        | 10,113,232        |
| Commonwealth Government grants       | 4,498,408         | 3,876,891         |
| Other grants                         | 669,945           | 525,289           |
| <b>Total grants</b>                  | <b>20,411,207</b> | <b>14,515,413</b> |
| <i>Denoted as per the following:</i> |                   |                   |
| Operating grants                     | 17,326,394        | 14,504,413        |
| Capital grants                       | 3,084,813         | 11,000            |
| <b>Total grants</b>                  | <b>20,411,207</b> | <b>14,515,413</b> |
| <b>Note 2.2: Services revenue</b>    |                   |                   |
| Client revenue                       | 4,277,239         | 3,792,403         |
| Program revenue                      | 617,663           | 507,744           |
| Occupancy                            | 47,852            | 87,769            |
| <b>Total services revenue</b>        | <b>4,942,754</b>  | <b>4,387,916</b>  |
| <b>Note 2.3: Investment income</b>   |                   |                   |
| Interest                             | 45,516            | 139,074           |
| Dividends                            | 94,227            | 143,875           |
| Other investment revenue             | 199,087           | 55,541            |
| <b>Total investment income</b>       | <b>338,830</b>    | <b>338,490</b>    |
| <b>Note 2.4: Other income</b>        |                   |                   |
| Contributions                        | 10                | 32,270            |
| Cashflow boost funding – COVID-19    | -                 | 100,000           |
| Profit of disposal of assets         | 18,139            | 53,054            |
| Other                                | 27,164            | 76,860            |
| <b>Total Other income</b>            | <b>45,313</b>     | <b>262,184</b>    |
| <b>Total revenue and income</b>      | <b>25,738,104</b> | <b>19,504,003</b> |

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

|  | 2021<br>\$        | 2020<br>\$        |
|--|-------------------|-------------------|
| <b>Note 2.5: Recognition of revenue and income</b> |                   |                   |
| <b>Revenue from contracts with customers</b>       |                   |                   |
| State Government Grants                            | 860,467           | 267,080           |
| Services revenue                                   | 4,942,754         | 4,387,916         |
| <b>Total revenue from contracts with customers</b> | <b>5,803,221</b>  | <b>4,654,996</b>  |
| <b>Other sources of income</b>                     |                   |                   |
| State Government Grants (operating)                | 11,297,574        | 9,835,153         |
| Commonwealth Government Grants (operating)         | 4,498,408         | 3,876,891         |
| State Government Grants (capital)                  | 3,084,813         | 11,000            |
| Other grants                                       | 669,945           | 525,289           |
| Investment income                                  | 338,830           | 338,490           |
| Other income                                       | 45,313            | 262,184           |
| <b>Total other sources of income</b>               | <b>19,934,883</b> | <b>14,849,007</b> |
| <b>Total revenue and income from transactions</b>  | <b>25,738,104</b> | <b>19,504,003</b> |

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

*Grant funding and economic dependence*

BCH is dependent upon both the State and Federal Governments (Departments) for the majority of its revenue and income, with revenue income from Departments constituting approximately 74% in 2021 (2020: 72%) of BCH's total revenue. At the date of this report the Board of Directors has no reason to believe the Departments will not continue to support BCH.

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

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

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

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

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

- identify the performance obligation(s) under the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligation(s) under the contract; and

## Notes to the Financial Statements

For the year ended 30 June 2021

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

- recognise revenue when (or as) BCH satisfies the performance obligation(s).

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

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

The types of government grants recognised under AASB15: *Revenue from Contracts with Customers* includes:

| Government grant                   | Performance obligation   |
|------------------------------------|--|
| School readiness funding           | The performance obligations for BCH are the number of kindergarten sessions in accordance with the levels of activity agreed to, with the Department of Education and Training.<br>Revenue is recognised at a point in time, which is when the kindergarten sessions are delivered |
| Allied Health and Therapy Sessions | The performance obligations for BCH are the number of sessions and services provided in accordance with the levels of activity agreed to, with the Department of Human Services.<br>Revenue is recognised at a point in time, which is when BCH provides the service.              |

#### Services Revenue

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

- Doctors and specialists including:
  - Doctors clinic
  - Chronic diseases management
  - Pathology
  - Sexual health
  - Trans and gender diverse clinic
  - Women's health and pap clinic
  - Social work
- Other health services including:
  - Allied health
  - Alcohol and other drug services
  - Diabetes education
  - Dietitians
  - Exercise physiology
  - Hepatitis C education
  - Physiotherapy
  - Podiatry
  - Speech pathology

*Program revenue* is recognised either over time or at a point in time upon the delivery of the community related programs.

Such programs run by BCH include but are not limited to:

- Community art and music
- Elder abuse prevention
- SecondBite
- School Focused Youth Services
- School Health Programs
- Workplace Health

## Notes to the Financial Statements

For the year ended 30 June 2021

### *Interest*

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

### *Dividends*

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the revenue arising from BCH's investment in financial assets.

### *Contributions*

Donations and bequests are recognised as revenue when received.

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 3 The Cost of Delivering Services

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

- 3.1: Breakdown of operating expenditure
- 3.2: Employee benefits in the statement of financial position
- 3.3: Superannuation

|   | 2021<br>\$        | 2020<br>\$        |
|---|-------------------|-------------------|
| <b>Note 3.1: Breakdown of operating expenditure</b> |                   |                   |
| Employment expenses                                 | 17,586,710        | 15,154,712        |
| Administration                                      | 1,198,003         | 876,643           |
| Community engagement                                | 103,006           | 106,756           |
| Program expenses                                    | 2,713,944         | 2,462,424         |
| Motor vehicle expenses                              | 50,231            | 62,263            |
| Occupancy expenses                                  | 435,619           | 522,579           |
| <b>Total operating expenditure</b>                  | <b>22,087,513</b> | <b>19,185,377</b> |

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, and Work Cover premiums. Other operating expenses generally represent the day-to-day running costs incurred in normal operations. Other operating expenses are recognised as an expense in the reporting period in which they are incurred.

#### Note 3.2: Employee benefits in the Statement of Financial Position

##### Current

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Provision for annual leave       | 1,228,101        | 1,059,218        |
| Provision for accrued days off   | 42,683           | 34,968           |
| Provision for long service leave | 1,279,567        | 887,469          |
| Provision for backpay            | 134,482          | -                |
| <b>Total current provisions</b>  | <b>2,684,833</b> | <b>1,981,655</b> |

##### Non-current

|   |                |                  |
|---|----------------|------------------|
| <b>Provision for long service leave</b> | <b>769,953</b> | <b>1,015,150</b> |
|---|----------------|------------------|

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

There is a current estimate for back-pay applicable to a small number of staff with regards to an interpretation in the Award, relating to pro-rata public holiday allowances. This is currently under review and the estimate of backpay that is payable is recorded as part of the Current Employee Provision.

**Notes to the Financial Statements**

For the year ended 30 June 2021

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

As discussed above, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Note 3.3: Superannuation**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Superannuation expense | <u>1,395,145</u> | <u>1,287,216</u> |
|------------------------|------------------|------------------|

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 4 Key Assets to Support Service Delivery

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

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

|   | 2021<br>\$       | 2020<br>\$       |
|---|------------------|------------------|
| <b>Note 4.1: Investments and other financial assets</b> |                  |                  |
| Portfolio investments - FVOCI                           | 8,470,104        | 7,008,685        |
| <b>Total investments and other financial assets</b>     | <b>8,470,104</b> | <b>7,008,685</b> |

JB Were currently manages the portfolio of investments on behalf of BCH. Refer note 7 for further information of the investments and other financial assets recognition policies.

### Note 4.2: Property, plant and equipment

#### Land

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Land at valuation (2018) | 2,100,000        | 2,100,000        |
| Land at cost             | 1,136,621        | 1,136,621        |
| <b>Total land</b>        | <b>3,236,621</b> | <b>3,236,621</b> |

#### Buildings

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Buildings at valuation (2018) | 10,055,000        | 10,055,000        |
| Buildings at cost             | 1,158,787         | 1,138,360         |
| Less accumulated depreciation | (467,697)         | (296,742)         |
|                               | <b>10,746,090</b> | <b>10,896,618</b> |

#### Leasehold Improvements

|  |                  |                  |
|--|------------------|------------------|
| Leasehold improvements at valuation (2018) | 2,450,860        | 2,450,860        |
| Leasehold improvements at cost             | 2,944,685        | 0                |
| Less accumulated depreciation              | (121,716)        | (78,157)         |
|  | <b>5,273,829</b> | <b>2,372,703</b> |

|                          |                |                |
|--------------------------|----------------|----------------|
| Capital work in progress | <b>476,308</b> | <b>515,290</b> |
|--------------------------|----------------|----------------|

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| <b>Total buildings</b>          | <b>16,496,227</b> | <b>13,784,611</b> |
| <b>Total land and buildings</b> | <b>19,732,848</b> | <b>17,021,232</b> |

#### Plant and equipment

|   |                  |                  |
|---|------------------|------------------|
| Furniture, fittings and equipment at cost | 3,953,848        | 3,528,061        |
| Less accumulated depreciation             | (2,522,943)      | (2,218,380)      |
|   | <b>1,430,905</b> | <b>1,309,681</b> |

#### Motor Vehicles

|                               |                |                |
|-------------------------------|----------------|----------------|
| Motor vehicles at cost        | 737,448        | 741,743        |
| Less accumulated depreciation | (449,788)      | (372,840)      |
|                               | <b>287,660</b> | <b>368,903</b> |

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| <b>Total plant and equipment</b> | <b>1,718,565</b> | <b>1,678,584</b> |
|----------------------------------|------------------|------------------|

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Total property, plant and equipment</b> | <b>21,451,413</b> | <b>18,699,816</b> |
|--|-------------------|-------------------|



## Notes to the Financial Statements

For the year ended 30 June 2021

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

#### Note 4.2: Property, plant and equipment (cont.)

##### i) Reconciliations of the carrying amounts of each class of asset

|  | Land<br>(at valuation)<br>\$ | Buildings<br>(at valuation)<br>\$ | Leasehold<br>improvements<br>(at valuation)<br>\$ | Capital works<br>in progress (at<br>cost)<br>\$ | Furniture, fittings<br>and equipment<br>(at cost)<br>\$ | Motor<br>vehicles<br>(at cost)<br>\$ | Total<br>\$       |
|--|------------------------------|-----------------------------------|---|---|---|--------------------------------------|-------------------|
| Balance at 1 July                      | 2,100,000                    | 9,926,143                         | 2,413,696   | 565,652   | 1,105,803   | 424,366                              | 16,535,660        |
| Additions                              | 1,136,621                    | 1,125,977                         | -   | 302,947   | 545,614   | 101,442                              | 3,212,601         |
| Expensed to P&L                        | -                            | -                                 | -   | (353,309)                                       | -   | -                                    | (353,309)         |
| Disposals                              | -                            | -                                 | -   | -   | (563)   | (2,071)                              | (2,634)           |
| Depreciation expense                   | -                            | (155,502)                         | (40,993)  | -   | (341,173)   | (154,834)                            | (692,502)         |
| <b>Carrying amount at 30 June 2020</b> | <b>3,236,621</b>             | <b>10,896,618</b>                 | <b>2,372,703</b>                                  | <b>515,290</b>                                  | <b>1,309,681</b>  | <b>368,903</b>                       | <b>18,699,816</b> |

|  |                  |                   |                  |                |                  |                |                   |
|--|------------------|-------------------|------------------|----------------|------------------|----------------|-------------------|
| Balance at 1 July 2020                 | 3,236,621        | 10,896,618        | 2,372,703        | 515,290        | 1,309,681        | 368,903        | 18,699,816        |
| Additions                              | -                | 20,427            | 2,944,685        | -              | 544,334          | 56,134         | 3,565,580         |
| Expensed to P&L                        | -                | -                 | -                | (38,981)       | -                | -              | (38,982)          |
| Transfers                              | -                | (29,325)          | 29,325           | -              | -                | -              | -                 |
| Disposals                              | -                | -                 | -                | -              | (16,056)         | (5,437)        | (21,493)          |
| Depreciation expense                   | -                | (141,630)         | (72,884)         | -              | (407,054)        | (131,940)      | (753,508)         |
| <b>Carrying amount at 30 June 2021</b> | <b>3,236,621</b> | <b>10,746,090</b> | <b>5,273,829</b> | <b>476,309</b> | <b>1,430,905</b> | <b>287,660</b> | <b>21,451,414</b> |



## Notes to the Financial Statements

For the year ended 30 June 2021

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

#### Note 4.2: Property, plant and equipment (cont.)

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

##### *Property*

Freehold land and buildings are shown at their fair value based on periodic, but at least every five years, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations may occur more frequently if fair value assessments indicate material changes in values. An independent valuation of BCH's land and buildings was performed by Preston Rowe Paterson with the effective date of 30 June 2018. Building valuations are based on a depreciated replacement cost basis given their specialised nature which is a level 3 input. Land valuations are based on market value. Management undertook a review of current land and building valuations against current market indicators and believe that based on this review and as the premises are still being used for their specific health purposes, that the valuations currently carried are reasonable.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

##### *Plant and equipment*

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

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

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

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

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

## Notes to the Financial Statements

For the year ended 30 June 2021

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

#### Note 4.2: Property, plant and equipment (cont.)

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

BCH assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to BCH and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

|   | 2021<br>\$    | 2020<br>\$     |
|---|---------------|----------------|
| <b>Note 4.3: Right-of-use assets</b>      |               |                |
| <i>Non-Current</i>                        |               |                |
| Property                                  | 251,814       | 251,814        |
| Accumulated depreciation                  | (181,211)     | (110,608)      |
| <b>Total property right-of-use assets</b> | <b>70,603</b> | <b>141,206</b> |

##### Reconciliations of the carrying amounts of each class of asset

|                                       | Property<br>\$ | 2020<br>\$     |
|---------------------------------------|----------------|----------------|
| Balance at the beginning of year      | 141,206        | -              |
| First time adoption of AASB 16        | -              | 251,814        |
| Depreciation                          | (70,603)       | (110,608)      |
| <b>Balance at the end of the year</b> | <b>70,603</b>  | <b>141,206</b> |

##### Right-of-use asset recognition

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

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

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

## Notes to the Financial Statements

For the year ended 30 June 2021

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

|                                   | 2021<br>\$     | 2020<br>\$     |
|-----------------------------------|----------------|----------------|
| <b>Note 4.4: Depreciation</b>     |                |                |
| Buildings                         | 141,630        | 155,502        |
| Leasehold improvements            | 72,884         | 40,993         |
| Furniture, fittings and equipment | 407,054        | 341,173        |
| Motor vehicles                    | 131,940        | 154,834        |
| Right-of-use assets               | 70,603         | 110,608        |
| <b>Total depreciation</b>         | <b>824,111</b> | <b>803,110</b> |

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to BCH commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation rates are consistent with the prior year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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

| Class of fixed asset              | Depreciation rate |
|-----------------------------------|-------------------|
| Buildings                         | 1.3% – 5%         |
| Leasehold improvements            | 5% – 25%          |
| Equipment, furniture and fittings | 13% – 40%         |
| Motor vehicles                    | 22%               |
| Right-of-use assets               | 33%               |

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 5 Other Assets and Liabilities

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

- 5.1: Receivables
- 5.2: Other assets
- 5.3: Payables
- 5.4: Contract liabilities
- 5.5: Committed funds

|                              | 2021           | 2020           |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| <b>Note 5.1: Receivables</b> |                |                |
| Trade receivables            | 602,573        | 293,175        |
| Accrued investment income    | 52,237         | 12,321         |
| Other receivables            | 6,764          | 159,130        |
| Accrued grant revenue        | 2,265          | 418,812        |
| <b>Total receivables</b>     | <b>663,839</b> | <b>883,438</b> |

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

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

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

#### Note 5.2: Other assets

|                           |               |                |
|---------------------------|---------------|----------------|
| Prepayments               | 96,810        | 106,645        |
| <b>Total other assets</b> | <b>96,810</b> | <b>106,645</b> |

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

#### Note 5.3: Payables

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Trade creditors                      | 340,332          | 335,733          |
| Accrued expenses and sundry payables | 849,308          | 671,455          |
| GST payable                          | 262,593          | 205,864          |
| <b>Total payables</b>                | <b>1,452,233</b> | <b>1,213,052</b> |

Payables are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the BCH prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## Notes to the Financial Statements

For the year ended 30 June 2021

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

|                                       | 2021<br>\$     | 2020<br>\$       |
|---------------------------------------|----------------|------------------|
| <b>Note 5.4: Contract liabilities</b> |                |                  |
| Deferred capital grant income         | -              | 3,015,000        |
| Grant in advance                      | 277,563        | 548,594          |
| <b>Total contract liabilities</b>     | <b>277,563</b> | <b>3,563,594</b> |

Contract liabilities represent the BCH's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when BCH recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before BCH has transferred the goods or services to the customer.

- i. *Wendouree*: The most significant element of deferred capital grant income relates to the Coolinda Centre. At balance date 30 June 2021 all grants for the Coolinda Centre had been recognised as BCH has satisfied its obligations. At the 30 June 2020 \$3,015,000 was held in advance in relation to this project. In June 2017, BCH received a capital grant to redevelop the Centre in Learmonth Road. The redevelopment includes new consultation and clinical rooms, new waiting areas, new staff accommodation and training areas and upgraded public amenities to ensure compliance with the *Disability Discrimination Act 1992*.

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 6 How We Finance Our Operations

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

This section includes disclosures of balances that are financial instruments.

- 6.1: Cash and cash equivalents
- 6.2: Lease liabilities
- 6.3: Commitments for expenditure

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 6.1: Cash and cash equivalents</b> |                  |                  |
| <i>Current</i>                             |                  |                  |
| Cash at bank                               | 1,015,619        | 3,506,879        |
| Cash on hand                               | 2,650            | 2,750            |
| Investment portfolio cash account          | 370,552          | 835,809          |
| <b>Total cash and cash equivalents</b>     | <b>1,388,821</b> | <b>4,345,438</b> |

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

|  |                  |                |
|--|------------------|----------------|
| <b>Note 6.1.1: Reconciliation of operating surplus to net cash flows from operations</b> |                  |                |
| Surplus/(Deficit) for the year   | 2,824,040        | (653,453)      |
| <i>Reconciling items</i>   |                  |                |
| - Depreciation   | 824,111          | 803,110        |
| - Profit on disposal of assets   | (18,139)         | (53,054)       |
| - Expensed to the P&L from WIP   | 39,066           | 353,309        |
| - (Increase)/Decrease in receivables   | 219,599          | (263,685)      |
| - Decrease in other assets   | 9,835            | 27,360         |
| - Increase in payables   | 239,181          | 288,919        |
| - Increase/(Decrease) in contract liabilities  | (3,286,031)      | 42,425         |
| - Increase in provisions   | 457,981          | 288,716        |
| <b>Net cashflows provided by operating activities</b>                                    | <b>1,309,643</b> | <b>833,677</b> |

### Note 6.2: Lease liabilities

|                                |               |                |
|--------------------------------|---------------|----------------|
| <i>Current</i>                 |               |                |
| Lease liability                | 73,801        | 70,555         |
| <i>Non-Current</i>             |               |                |
| Lease liability                | -             | 73,801         |
| <b>Total lease liabilities</b> | <b>73,801</b> | <b>144,356</b> |

### Lease liabilities recognition

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



## Notes to the Financial Statements

For the year ended 30 June 2021

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

#### Note 6.2: Lease liabilities (cont.)

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

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

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

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

#### Note 6.3: Commitments for expenditure

##### Operating lease commitments

BCH currently holds a number of peppercorn leases in relation to leased property across the Ballarat region. Future commitments are not considered material therefore have not been quantified and disclosed.

##### Capital commitments

|   | 2021<br>\$ | 2020<br>\$       |
|---|------------|------------------|
| Capital commitments committed at the reporting date but not recognised as liabilities, payable: |            |                  |
| - not later than one year   | -          | 2,010,241        |
|   | <u>-</u>   | <u>2,010,241</u> |

Capital commitments related to the Coolinda Centre redevelopment in 2020.

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 7 Risks, Contingencies and Valuation Uncertainties

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

7.1: Financial instruments

7.2: Contingent assets and contingent liabilities

7.3: Fair value measurement

#### Note 7.1: Financial instruments

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

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

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

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

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

BCH recognises the following assets in this category:

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

##### *Financial assets at fair value through other comprehensive income*

BCH holds listed shares and managed funds through a JB Were managed portfolio. These investments are measured at fair value through other comprehensive income if the assets are not held for trading and BCH has irrevocably elected at initial recognition to recognise in this category, which is the case. These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

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

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

BCH recognises the following liabilities in this category:

- payables;
- lease liabilities; and
- contract liabilities.



## Notes to the Financial Statements

For the year ended 30 June 2021

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

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

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

###### *Financial assets*

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

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

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

###### *Financial liabilities*

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

##### Reclassification of financial instruments

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

##### Financial risk management objectives and policies

BCH's activities do expose it to some financial risks which need to be actively managed.

###### *Market risk*

BCH's exposure to market risk is primarily through interest rate risk and equity price risk.

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

BCH is exposed to equity price risk through its investments in the managed investment scheme which primarily hold listed investments. BCH works closely with JB Were to assist with the management of its investment portfolio in accordance with the Investment Strategy approved by the Board of Directors. The fund manager on behalf of the BCH closely monitors performance and manages the equity price risk through diversification of its investment portfolio and provides updates to the Board of Directors on a timely basis.

###### *Interest rate risk*

Changes in interest rates effects the ability for BCH to earn returns on investment. Management negotiates with banking institutions to get the best available rates for these deposit accounts and also uses the service of JB Were to manage its investment portfolio. On this basis, BCH is exposed to interest rate risk although this risk is mitigated where possible.

## Notes to the Financial Statements

For the year ended 30 June 2021

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

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

##### *Liquidity risk*

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

##### *Credit risk*

BCH is not exposed to any significant credit risk.

##### *Foreign currency risk*

BCH is not exposed to any significant foreign currency risk.

##### *Price risk*

BCH is not exposed to any significant price risk.

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

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

#### Note 7.3: Fair value measurement

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

- land and buildings; and
- managed investment scheme – Fair Value through other Comprehensive Income (FVOCI).

## Notes to the Financial Statements

For the year ended 30 June 2021

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

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

##### Fair Value Hierarchy

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

|  | Level 1<br>\$    | Level 2<br>\$ | Level 3<br>\$     | Total<br>\$       |
|--|------------------|---------------|-------------------|-------------------|
| <b>2020</b>                            |                  |               |                   |                   |
| Property, plant and equipment          |                  |               |                   |                   |
| Land                                   | -                | -             | 3,236,621         | 3,236,621         |
| Buildings                              | -                | -             | 10,896,618        | 10,896,618        |
| Leasehold improvements                 | -                | -             | 2,372,703         | 2,372,703         |
| Investments and other financial assets |                  |               |                   |                   |
| Managed investment scheme              | 7,008,685        | -             | -                 | 7,008,685         |
| <b>Total assets</b>                    | <b>7,008,685</b> | <b>-</b>      | <b>16,505,942</b> | <b>23,514,627</b> |
| <b>2021</b>                            |                  |               |                   |                   |
| Property, plant and equipment          |                  |               |                   |                   |
| Land                                   | -                | -             | 3,236,621         | 3,236,621         |
| Buildings                              | -                | -             | 10,746,090        | 10,746,090        |
| Leasehold improvements                 | -                | -             | 5,273,829         | 5,273,829         |
| Investments and other financial assets |                  |               |                   |                   |
| Managed investment scheme              | 8,470,104        | -             | -                 | 8,470,104         |
| <b>Total assets</b>                    | <b>8,470,104</b> | <b>-</b>      | <b>19,256,540</b> | <b>27,726,644</b> |

BCH engages external, independent and qualified valuers to determine the fair value of BCH land, buildings and lease holding improvements at least every 5 years. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date. The outcome of the review has determined that there has been no material change.

There were no transfers between levels during the financial year.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 8 Other Disclosures

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

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

#### Note 8.1: Insurance

The Department of Health, formerly the Department of Health and Human Services (DHHS), advised BCH that the total amount of insurance premiums paid by DHHS on its behalf to VMIA was \$26,447 for the 2021 financial year (2020 : \$14,275).

#### Note 8.2: Related parties

##### *Key management personnel*

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

##### *Transactions with related parties*

There were no material transactions with related parties during the current and previous financial year.

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

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

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

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### Note 8 Other Disclosures (cont.)

#### Note 8.3: Key management personnel compensation

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

| Board of Directors | Period          |                 |
|--------------------|-----------------|-----------------|
| Paul Ryan          | 1 July 2020     | to 30 June 2021 |
| Michelle Stares    | 4 November 2020 | to 30 June 2021 |
| Stephen Bigarelli  | 1 July 2020     | to 30 June 2021 |
| Rebecca Fraser     | 4 November 2020 | to 30 June 2021 |
| John Laursen       | 1 July 2020     | to 30 June 2021 |
| Megan May          | 1 July 2020     | to 30 June 2021 |
| Mathew Muldoon     | 1 July 2020     | to 30 June 2021 |
| Robert Hook        | 1 July 2020     | to 30 June 2021 |
| Maria Palmer       | 1 July 2020     | to 30 June 2021 |
| Jessie Harman      | 1 July 2020     | to 30 June 2021 |

| Executive Management  |                  |                     |
|---|------------------|---------------------|
| Sean Duffy (Chief Executive Officer)  | 1 July 2020      | to 30 June 2021     |
| David Stevens (General Manager Corporate Services)  | 1 July 2020      | to 26 February 2021 |
| Danielle Walker (Interim Executive Manager Corporate Services)- replaced General Manager Corporate Services | 26 February 2021 | to 30 June 2021     |
| Darlene Henning-Marshall (General Manager Primary Care)- new title Executive Manager Strategy and Outcomes  | 1 July 2020      | to 30 June 2021     |
| Joanne Gell (Executive Manager Client Services)   | 14 December 2020 | to 30 June 2021     |
| Jane Measday (General Manager Social Support)   | 1 July 2020      | to 5 February 2021  |
| Katherine Cape (General Manager Prevention and System Development)  | 1 July 2020      | to 31 December 2020 |

The total of compensation for key management personnel is shown below. Directors are not compensated for their position on the board.

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| Short-term employee benefits                       | 694,892        | 668,562        |
| Post-employment benefits                           | 81,809         | 82,747         |
| Other long-term benefits                           | 6,512          | 41,143         |
| <b>Total key management personnel compensation</b> | <b>783,213</b> | <b>792,452</b> |

#### Note 8.4: Remuneration of the auditors

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | 26,840        | 23,400        |
| Other accounting services         | 7,260         | 3,100         |
|                                   | <b>34,100</b> | <b>26,500</b> |

## Notes to the Financial Statements

For the year ended 30 June 2021

### **Note 8.5: Events occurring after balance sheet date**

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

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

### **Note 8.6: Member's guarantee**

BCH is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If BCH is wound up, the constitution states that each member is not required to contribute towards meeting any outstanding and obligations of the company.



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

**Note 8 Other Disclosures (cont.)**

**Note 8.7: Issued but not yet effective Australian accounting and reporting pronouncements**

| Standard/<br>Interpretation   | Summary  | Applicable for<br>annual reporting<br>periods beginning<br>on  | Impact on public<br>sector entity<br>financial<br>statements                  |
|---|--|--|---|
| AASB 2020-1<br><i>Amendments to<br/>Australian Accounting<br/>Standards –<br/>Classification of<br/>Liabilities as Current<br/>or Non-Current</i> | This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. | 1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023. | The assessment has indicated that there will be no significant impact on BCH. |

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on BCH's reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*

#### Directors' Declaration

For the year ended 30 June 2021

In the directors' opinion:

1. The attached financial statements and notes comply with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and associated regulations and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of Ballarat Community Health's financial position as at 30 June 2021 and of its performance and cashflows for the financial year ended on that date; and
3. There are reasonable grounds to believe that Ballarat Community Health will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

Paul Ryan  
Chairperson



Mathew Muldoon  
Acting Finance & Audit Chair



Dated this 12 day of October 2021



## Independent Auditor's Report

### To the Directors of Ballarat Community Health

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

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

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

MELBOURNE  
26 October 2021



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





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