



# Financial Report

2021-2022







# Financial Report 2021-2022

Financial Statements for the  
year ended 30 June 2022  
- ABN 98 227 492 950 -

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## Directors' Report

### For the year ended 30 June 2022

The directors present their report, together with the financial statements of Ballarat Community Health Limited ("BCH") for the year ended 30 June 2022.

#### Directors

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

- Stephen Bigarelli (Finance & Audit Committee Chairperson)
- Rebecca Fraser
- Joanna Hambling (from 10 November 2021)
- Jessie Harman (Deputy Chairperson)
- Robert Hook
- John Laursen (until 10 November 2021)
- Megan May (Quality of Care Committee Chairperson)
- Mathew Muldoon
- Maria Palmer
- David Pierce (from 4 May 2022)
- Paul Ryan (Chairperson)
- Michelle Stares (until 21 October 2021)

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 2022 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.

BCH continues to adapt to the impacts of the COVID-19 Pandemic Event. We have remained agile continuously again delivering both face to face and digital telehealth services in response health department regulations and instructions. The focus and dedication of staff enabled the company not only to adapt but to grow services and contribute to the community response, this has included the delivery of the High Risk Accommodation Response program which reached those in our community who most needed support during the pandemic.

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 to include an Executive Manager of People and Culture, this role will be pivotal in addressing ongoing workforce challenges.

## Directors' Report

### For the year ended 30 June 2022

Despite COVID impacts we were able to complete some major quality initiatives to advance our client services. These included;

- Implementation of BCH's clinical governance framework, striving for safe, effective, person-centred services.
- Primary Care review, completing a comprehensive assessment of our medical services
- Access and integration project, aiming to enhance the client experience
- Re-accreditation of our GP clinics under the AGPAL standards

Services in Mental Health and Alcohol and Other Drug services continue to grow to meet the demand of the community, along with essential health promotion and prevention activity in the community. This growth included the introduction of an after-hours combined Mental Health and Alcohol and Other Drugs program, providing a more integrated and accessible service to our clients. A further service offering which has been developed, in partnership with Western Vic PHN, has been the establishment of the Ballarat Mental Health Support website, this site is maintained by BCH and provides pathways to ensure those seeking mental health support can access these vital services.

We have also contributed to the establishment of the Alliance of Regional and Rural Victoria Community Health. This body has been formed to provide a basis for collaboration across all rural and regional community health services in Victoria. By collaborating with others within Community Health we can better understand the needs of our collective community and provide services that have a real impact on health and wellbeing.

In addition to our work in Client Services we have also undertaken implemented new systems and have undertaken planning for the future needs of our community. In October last year we implemented Mastercare, a new Client Information Management System which has enabled us to better understand our client's needs and measure the outcomes achieved by the services we have delivered. We have also undertaken Capital Master Planning to ensure our facility are fit for purpose and match the growing needs of our community. This work has primarily concentrated on completing a detailed designs for a major expansion of our Sebastopol Centre.

### Strategic Plan – 2022 and Beyond

Our Strategic Plan includes 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 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



## Directors' Report

### For the year ended 30 June 2022

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 deliver services into the future to ensure our long-term sustainability

### 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 Aging
  - Children and Youth Health and Wellbeing Services

### Performance measures

BCH measures performance using both a qualitative and quantitative methodology.

As an organisation funded by both State and Commonwealth funding, BCH is required to report performance outcomes at different intervals as specified by funding and service agreements. Usually this is monthly and/or quarterly. Reporting to our funders comes in various forms including predetermined activity or business plans.

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. Additionally, BCH have robust processes in place for monitoring, analysing and responding to client feedback.

Internally BCH has three board subcommittees that measure performance through an annual work plan. These subcommittees are the Quality of Care Committee, the Finance, Audit and Risk 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.

## Directors' Report

For the year ended 30 June 2022

<b>Stephen Bigarelli</b>	
Qualification	CPA
Special responsibilities	Chair of Finance & Audit Committee (Leave of absence from 01/07/21 to 01/11/21)
<b>Rebecca Fraser</b>	
Qualification	BA, MEmplabRelLaw, GDipEmp&LRelLaw, MAICD
Special responsibilities	Member of Corporate Governance Committee
<b>Joanna Hambling (elected 10/11/21)</b>	
Qualification	BA (Hons) Business Management with Economics, Leadership Development
Special responsibilities	Member of Corporate Governance Committee (from 10/11/21)
<b>Jessie Harman</b>	
Qualification	PhD, MBA, BA(Hons, MAICD)
Special responsibilities	Board Deputy Chairperson Member of Finance & Audit Committee (from 01/07/21 to 10/11/21) Chair of Corporate Governance Committee (from 10/11/21)
<b>Robert Hook AM</b>	
Qualification	F CPA
Special responsibilities	Member of Finance & Audit Committee
<b>John Laursen (resigned 10/11/21)</b>	
Qualification	GradDipACG, MDefStud, BA, CertIV (Compliance Management), FGIA, FCIS, MAICD
Special responsibilities	Chair of Corporate Governance Committee (to 10/11/21)
<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	BEC (Accounting), Chartered Accountant, Registered and Official Liquidator
Special responsibilities	Member of Finance & Audit Committee Acting Chair of Finance & Audit Committee (01/07/21 to 01/11/21)
<b>Maria Palmer</b>	
Qualification	BSc, GAICD
Special responsibilities	Member of Quality of Care Committee
<b>David Pierce (appointed 04/05/22)</b>	
Qualification	MBBS, MGPP, MMed, MD, FRACGP, FACPM
Special responsibilities	Member of Quality of Care Committee (from 04/05/22)
<b>Paul Ryan</b>	
Qualification	DipT, BTheol, GradDipPsychStud, BSc(Hons), GAICD
Special responsibilities	Board Chairperson Member of Quality of Care Committee
<b>Michelle Stares (resigned 21/10/21)</b>	
Qualification	MBA - Grad Dip, MAICD
Special responsibilities	Member of Quality of Care Committee (to 21/10/21)



## Directors' Report

For the year ended 30 June 2022

### Company secretary

Sean Duffy was appointed Company Secretary on 19 February 2021. Danielle Walker was appointed Company Secretary on 10 November 2021 and held this position at the end of the of the 2021-2022 financial year.

Sean Duffy	Appointed 19 February 2021
Qualifications:	MBA; Bachelor of Nursing; RPN
Experience:	CEO for 4 years, Executive Manager of various Health and Community Organisations previous to his role at BCH.
Danielle Walker	Appointed 10 November 2021
Qualifications:	B.Comm, CPA, GAICD
Experience:	CFO/Executive Manager across Finance and Corporate Service for more than 10 years. Previous roles as Company Secretary.

### Meetings of directors

During the financial year, the following meetings of directors were held: 11 Board meetings, 11 Finance & Audit Committee meetings, 5 Quality of Care Committee meetings and 5 Corporate Governance Committee meetings. Attendances by each director were as follows.

	Directors' meetings							
	Board		Finance & Audit Committee		Quality of Care Committee		Corporate Governance Committee	
	<i>Eligible</i>	<i>Attended</i>	<i>Eligible<sup>1</sup></i>	<i>Attended</i>	<i>Eligible<sup>1</sup></i>	<i>Attended</i>	<i>Eligible<sup>1</sup></i>	<i>Attended</i>
Stephen Bigarelli	7	7	9	9				
Rebecca Fraser	11	11					5	5
Jessie Harman	11	9	4	3			3	3
Joanna Hambling	6	6					3	3
Robert Hook	11	11	11	11				
John Laursen	5	4					2	2
Megan May	11	11			5	5		
Mathew Muldoon	11	4	11	9				
Maria Palmer	11	11			5	4		
David Pierce	2	2			1	1		
Paul Ryan	11	11			2	1		
Michelle Stares	4	2			2	1		

<sup>1</sup> Board members attended committee meetings on occasion during the year although not being a formal member of the committee



## Directors' Report

For the year ended 30 June 2022

### After balance date events

The impact of the Coronavirus (COVID-19) pandemic is ongoing for BCH up to 30 June 2022. At the date of this report it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

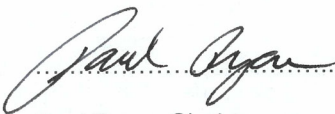
### Contributions on winding up

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 2022 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



Stephen Bigarelli, Finance & Audit Chair

Dated this      day of                      2022

## 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 2022, 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  
17 October 2022



Sanchu Chummar

*as delegate for the Auditor-General of Victoria*

**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Revenue and income</b>			
Grant revenue	2.1	18,321,868	20,411,207
Services revenue	2.2	5,248,871	4,942,754
Investment income	2.3	559,134	314,448
Other	2.4	46,774	69,695
<b>Total revenue and income</b>		<b>24,176,647</b>	<b>25,738,104</b>
<b>Expenses</b>			
Operating expenditure	3.1	24,249,158	22,087,513
Depreciation	4.4	1,139,312	824,111
Impairment expense		-	(3,333)
Finance costs		1,812	5,773
<b>Total expenses</b>		<b>25,390,282</b>	<b>22,914,064</b>
<b>Surplus/(Deficit) for the year</b>		<b>(1,213,635)</b>	<b>2,824,040</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties		3,932,739	-
(Loss)/gain on the revaluation of equity instruments at fair value through other comprehensive income		(745,078)	791,748
<b>Other comprehensive income for the year</b>		<b>3,187,661</b>	<b>791,748</b>
<b>Total comprehensive income for the year</b>		<b>1,974,026</b>	<b>3,615,788</b>

## Statement of Financial Position

As at 30 June 2022

	Note	2022	2021
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.1	251,060	1,388,822
Receivables	5.1	1,169,108	663,839
Investments and other financial assets	4.1	8,087,442	8,470,104
Other assets	5.2	136,672	96,810
<b>Total Current Assets</b>		<b>9,644,282</b>	<b>10,619,575</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4.2	24,663,684	21,451,413
Right-of-use assets	4.3	-	70,603
<b>Total Non-Current Assets</b>		<b>24,663,684</b>	<b>21,522,016</b>
<b>TOTAL ASSETS</b>		<b>34,307,966</b>	<b>32,141,591</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.3	1,433,556	1,452,233
Contract liabilities	5.4	728,589	277,563
Lease liabilities	6.2	-	73,801
Provisions	3.2	2,621,774	2,684,833
<b>Total Current Liabilities</b>		<b>4,783,919</b>	<b>4,488,430</b>
<b>Non-Current Liabilities</b>			
Provisions	3.2	666,813	769,953
<b>Total Non-Current Liabilities</b>		<b>666,813</b>	<b>769,953</b>
<b>TOTAL LIABILITIES</b>		<b>5,450,732</b>	<b>5,258,383</b>
<b>NET ASSETS</b>		<b>28,857,234</b>	<b>26,883,208</b>
<b>EQUITY</b>			
Financial asset revaluation reserve		374,384	1,206,630
Property asset revaluation reserve		5,297,726	1,364,987
Retained surpluses		23,185,124	24,311,591
<b>TOTAL EQUITY</b>		<b>28,857,234</b>	<b>26,883,208</b>



## Statement of Changes in Equity

As at 30 June 2022

	Financial asset revaluation reserve	Property asset revaluation reserve	Retained surpluses	Total equity
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	478,524	1,364,987	21,423,910	23,267,421
Surplus 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 financial assets held at FVOCI	(63,641)	-	63,641	-
<b>Balance at 30 June 2021</b>	<b>1,206,630</b>	<b>1,364,987</b>	<b>24,311,591</b>	<b>26,883,208</b>
<b>Balance at 1 July 2021</b>	1,206,630	1,364,987	24,311,591	26,883,208
Deficit for the year	-	-	(1,213,635)	(1,213,635)
Total other comprehensive income for the year	(745,078)	3,932,739	-	3,187,661
Transfer of gains/losses on derecognition of financial assets	(87,168)	-	87,168	-
<b>Balance at 30 June 2022</b>	<b>374,384</b>	<b>5,297,726</b>	<b>23,185,124</b>	<b>28,857,234</b>



## Statement of Cash Flows

As at 30 June 2022

	Note	2022	2021
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,945,323	5,375,846
Receipts from Government and communities		18,743,766	18,677,007
Payments to suppliers and employees		(24,444,768)	(22,976,390)
Dividends received		416,506	172,999
Interest paid		(1,812)	(5,773)
<b>Net cash provided by/(used in) operating activities</b>	6.1.1	<b>(340,985)</b>	1,243,689
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property plant and equipment		(398,643)	(3,565,592)
Proceeds from disposal of property plant and equipment		-	(669,672)
Interest received		38,083	65,954
Payments for investment portfolio		(1,271,026)	-
Proceeds from sale of investment portfolio		908,610	39,560
<b>Net cash used in investing activities</b>		<b>(722,976)</b>	(4,129,750)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(73,801)	(70,555)
<b>Net cash used in financing activities</b>		<b>(73,801)</b>	(70,555)
<b>Net decrease in cash and cash equivalents held</b>		<b>(1,137,762)</b>	(2,956,616)
Cash and cash equivalents at beginning of financial year		1,388,822	4,345,438
<b>Cash and cash equivalents at end of financial year</b>	6.1	<b>251,060</b>	1,388,822

## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 1 Summary of Significant Accounting Policies

The financial statements cover 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 AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for profit Tier 2 Entities 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 Ltd  
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 2022

### 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 2022

### 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: Grant fundings, including those recognise under AASB 1058 and those recognised under AASB 15

2.2: Services revenue – recognised under AASB 15

2.3: Investment income

2.4: Other income

	2022	2021
	\$	\$
<b>Note 2.1: Grant fundings</b>		
State Government grants	12,050,304	15,242,854
Commonwealth Government grants	5,559,039	4,498,408
Other grants	712,525	669,945
<b>Total grants fundings</b>	<b>18,321,868</b>	<b>20,411,207</b>
<b>Grants recognised under AASB 1058</b>		
Operating grants	17,388,637	17,224,968
Capital grants	45,572	3,084,813
<b>Total grant income recognised under AASB 1058</b>	<b>17,434,209</b>	<b>20,309,781</b>
<b>Grants recognised under AASB 15</b>		
Operating grants recognised over time	887,659	101,426
<b>Total grant revenue recognised under AASB 15</b>	<b>887,659</b>	<b>101,426</b>
<b>Total grant fundings</b>	<b>18,321,868</b>	<b>20,411,207</b>
<b>Note 2.2: Services revenue – recognised under AASB 15</b>		
Client revenue	4,331,996	4,277,239
Program revenue	848,205	617,663
Occupancy	68,670	47,852
<b>Total services revenue</b>	<b>5,248,871</b>	<b>4,942,754</b>
<b>Note 2.3: Investment income</b>		
Interest	38,083	45,516
Dividends	520,169	261,852
Other investment revenue	882	7,080
<b>Total investment revenue</b>	<b>559,134</b>	<b>314,448</b>
<b>Note 2.4: Other income</b>		
Profit/(loss) on disposal of assets	(50,401)	18,139
Donation and other income	97,175	51,556
<b>Total Other</b>	<b>46,774</b>	<b>69,695</b>
<b>Total income</b>	<b>24,176,647</b>	<b>25,738,104</b>

## Notes to the Financial Statements

For the year ended 30 June 2022

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

#### Revenue recognition

All revenue 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 income, with revenue from Departments constituting approximately 75% in 2022 (2021: 74%) of BCH's total income. 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 performance obligations by BCH to transfer a good or service and that the performance obligations are sufficiently specific in order to determine when each obligation is satisfied.

Where the grant agreement is not subject to enforceable rights of return or does not have sufficiently specific performance obligations, the grant funding is recognised as income when the funding is received in accordance with AASB 1058.

Where the grant agreement meets the recognition criteria of AASB 15 and is classified as a contract with 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
- recognise revenue when (or as) BCH satisfies the performance obligation(s).

BCH received grant funding that met the recognition criteria of AASB 15. Performance obligations arisen from these funding agreements are generally satisfied over time. The methods used to measure BCH's progress towards achieving these performance obligations are either inputs or outputs based. Revenue recognised for performance obligations that have been satisfied and the balance of funding that is subject to outstanding performance obligation are reported in note 2.1 and note 5.4 respectively.



## Notes to the Financial Statements

For the year ended 30 June 2022

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

#### 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

#### 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.

## Notes to the Financial Statements

For the year ended 30 June 2022

### 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

	2022	2021
	\$	\$
<b>Note 3.1: Breakdown of operating expenditure</b>		
Employment expenses	19,027,533	17,586,710
Administration	1,382,177	1,198,003
Community engagement	102,531	103,006
Program expenses	3,150,057	2,713,944
Motor vehicle expenses	63,556	50,231
Occupancy expenses	523,304	435,619
<b>Total operating expenditure</b>	<b>24,249,158</b>	<b>22,087,513</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.

	2022	2021
	\$	\$
<b>Note 3.2: Employee benefits in the Statement of Financial Position</b>		
<b>Current</b>		
Provision for annual leave	1,286,838	1,228,101
Provision for accrued days off	64,541	42,683
Provision for long service leave	1,270,395	1,279,567
Provision for backpay	-	134,482
<b>Total current provisions</b>	<b>2,621,774</b>	<b>2,684,833</b>
<b>Non-current</b>		
<b>Provision for long service leave</b>	<b>666,813</b>	<b>769,953</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.

## Notes to the Financial Statements

For the year ended 30 June 2022

### 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.

	2022	2021
	\$	\$
<b>Note 3.3: Superannuation</b>		
<b>Superannuation expense</b>	<b>1,639,354</b>	<b>1,395,145</b>

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 2022

### 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

	2022	2021
	\$	\$
<b>Note 4.1: Investments and other financial assets</b>		
Portfolio investments - FVOCI	8,087,442	8,470,104
<b>Total investments and other financial assets</b>	<b>8,087,442</b>	<b>8,470,104</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
Land at valuation (2022)	5,700,000	-
Land at cost	-	1,136,621
	<b>5,700,000</b>	<b>3,236,621</b>

#### Buildings

Buildings at valuation (2018)	-	10,055,000
Buildings at valuation (2022)	11,900,000	-
Buildings at cost	223,434	1,158,787
Less accumulated depreciation	(47,638)	(467,697)
	<b>12,075,796</b>	<b>10,746,090</b>

#### Leasehold Improvements

Leasehold improvements at cost	5,403,526	5,395,546
Less accumulated depreciation	(310,277)	(121,717)
	<b>5,093,249</b>	<b>5,273,829</b>

#### Capital work in progress

	<b>140,707</b>	<b>476,308</b>
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#### Total land and buildings

	<b>23,009,752</b>	<b>19,732,848</b>
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#### Plant and equipment

Furniture, fittings and equipment at cost	4,437,314	3,953,848
Less accumulated depreciation	(2,954,089)	(2,522,943)
	<b>1,483,225</b>	<b>1,430,905</b>

#### Motor Vehicles

Motor vehicles at cost	737,448	737,448
Less accumulated depreciation	(566,741)	(449,788)
	<b>170,707</b>	<b>287,660</b>

#### Total plant and equipment

	<b>1,653,932</b>	<b>1,718,565</b>
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#### Total property, plant and equipment

	<b>24,663,684</b>	<b>21,451,413</b>
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## Notes to the Financial Statements

For the year ended 30 June 2022

### 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 (at valuation) \$	Buildings (at valuation) \$	Leasehold improvements (at valuation) \$	Capital works in progress (at cost) \$	Furniture, fittings and equipment (at cost) \$	Motor vehicles (at cost) \$	Total \$
<b>Balance at 1 July</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>
Additions	-	20,427	2,944,685	-	544,334	56,134	3,565,580
Expensed to P&L	-	-	-	(38,982)	-	-	(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>476,308</b>	<b>1,430,905</b>	<b>287,660</b>	<b>21,451,413</b>
<b>Balance at 1 July 2021</b>	<b>3,236,621</b>	<b>10,746,090</b>	<b>5,273,829</b>	<b>476,308</b>	<b>1,430,905</b>	<b>287,660</b>	<b>21,451,413</b>
Additions	-	49,614	7,980	140,707	200,342	-	398,643
Revaluations	2,463,379	1,469,360	-	-	-	-	3,932,739
Transfers	-	-	-	(476,308)	476,308	-	-
Disposals	-	-	-	-	(50,402)	-	(50,402)
Depreciation expense	-	(189,268)	(188,560)	-	(573,928)	(116,953)	(1,068,709)
<b>Carrying amount at 30 June 2022</b>	<b>5,700,000</b>	<b>12,075,796</b>	<b>5,093,249</b>	<b>140,707</b>	<b>1,483,225</b>	<b>170,707</b>	<b>24,663,684</b>



## Notes to the Financial Statements

For the year ended 30 June 2022

### 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 three 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 2022. Valuations are based on a depreciated replacement cost basis given their specialised nature which is a level 3 input.

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 2022

### 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.

	2022	2021
	\$	\$
<b>Note 4.3: Right-of-use assets</b>		
<b>Non-Current</b>		
Property	-	251,814
Accumulated depreciation	-	(181,211)
<b>Total property right-of-use assets</b>	<b>-</b>	<b>70,603</b>

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

	Property	2021
	\$	\$
<b>Balance at the beginning of year</b>	<b>70,603</b>	<b>141,206</b>
First time adoption of AASB 16	-	-
Depreciation	(70,603)	(70,603)
<b>Balance at the end of the year</b>	<b>-</b>	<b>70,603</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 2022

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

	2022	2021
	\$	\$
<b>Note 4.4: Depreciation</b>		
Buildings	189,268	141,630
Leasehold improvements	188,560	72,884
Furniture, fittings and equipment	573,928	407,054
Motor vehicles	116,953	131,940
Right-of-use assets	70,602	70,603
<b>Total depreciation</b>	<b>1,139,312</b>	<b>824,111</b>

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to 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 2022

### 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

	2022	2021
	\$	\$
<b>Note 5.1: Receivables</b>		
Trade receivables	1,004,100	602,573
Accrued investment income	155,362	52,237
Other receivables	9,646	6,764
Accrued grant revenue	-	2,265
<b>Total receivables</b>	<b>1,169,108</b>	<b>663,839</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.

<b>Note 5.2: Other assets</b>		
Prepayments	136,672	96,810
<b>Total other assets</b>	<b>136,672</b>	<b>96,810</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.

<b>Note 5.3: Payables</b>		
Trade creditors	-	340,332
Accrued expenses and sundry payables	1,197,446	849,308
GST payable	236,110	262,593
<b>Total payables</b>	<b>1,433,556</b>	<b>1,452,233</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 2022

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

	2022	2021
	\$	\$
<b>Note 5.4: Contract liabilities</b>		
Grant funding	728,589	277,563
<b>Total contract liabilities</b>	<b>728,589</b>	<b>277,563</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.

### Note 5.5: Committed funds

There are some instances where the accounting treatment and recognition of revenue under AASB 1058 may result in a different accounting treatment in relation to the project accounting to government departments of funding bodies.

Where this generally occurs is when a grant agreement does not have sufficiently specific performance obligations and therefore does not meet the recognition requirements of AASB 15. In this case the income is recognised in when the grant is received although the balance is not spent in the same financial year causing an accounting mismatch between income and expenditure.

The following funds have been recognised as income in accordance with AASB 1058 although the funds remain unspent and are committed to restricted use at balance date:

	At 30 June 2022
	\$
<b>Funding committed for restricted used</b>	
Connecting to Community	65,880
Continuity of Support	33,017
Intensive Psychosocial Support	59,476
Service Navigator	28,874
Headspace Core	222,914
Headspace Wait Time Reduction	18,684
Headspace Youth Severe	46,148
<b>Total commitments</b>	<b>474,993</b>



## Notes to the Financial Statements

For the year ended 30 June 2022

### 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

	2022	2021
	\$	\$
<b>Note 6.1: Cash and cash equivalents</b>		
<b>Current</b>		
Cash at bank	245,989	1,015,620
Cash on hand	2,250	2,650
Investment portfolio cash account	2,821	370,552
<b>Total cash and cash equivalents</b>	<b>251,060</b>	<b>1,388,822</b>

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

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

	2022	2021
Surplus/(Deficit) for the year	(1,213,635)	2,824,040
<b>Reconciling items</b>		
- Depreciation	1,139,312	824,111
- Loss/(profit) on disposal of assets	50,402	(18,139)
- Expensed to the P&L from WIP	-	39,066
- Interest received	(38,083)	(65,954)
- (Increase)/decrease in trade and other receivables	(504,730)	219,599
- (Increase)/decrease in other assets	(40,401)	9,835
- Increase/(decrease) in payables	(18,677)	239,181
- Increase/(decrease) in contract liabilities	451,026	(3,286,031)
- Increase/(decrease) in provisions	(166,199)	457,981
<b>Net cashflows provided by operating activities</b>	<b>(340,985)</b>	<b>1,243,689</b>

#### Note 6.2: Lease liabilities

<b>Current</b>		
Lease liability	-	73,801
<b>Non-Current</b>		
Lease liability	-	-
<b>Total lease liabilities</b>	<b>-</b>	<b>73,801</b>



## Notes to the Financial Statements

For the year ended 30 June 2022

### 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.

### 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: Contracted commitments

##### Capital commitments

BCH has signed a contract with WestVic PHN and is due in the new year to receive capital funding of \$450,000 to complete a renovation of its Headspace, Camp Street office. At balance date, contracts had been signed with various contractors to deliver this renovation. The total capital cost to complete this work will be in the order of the \$450,000 funding.

## Notes to the Financial Statements

For the year ended 30 June 2022

### 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 equity units in the managed investment scheme with JB Were. Equity 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 2022

### 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 itself 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 2022

### 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 2022 (2021: 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 - FVOCI.

## Notes to the Financial Statements

For the year ended 30 June 2022

### 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	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2021</b>				
Property, plant and equipment				
Land	-	-	3,236,621	3,236,621
Buildings	-	-	10,746,090	10,746,090
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>13,982,711</b>	<b>22,452,815</b>
<b>2022</b>				
Property, plant and equipment				
Land	-	-	5,700,000	5,700,000
Buildings	-	-	12,075,796	12,075,796
Investments and other financial assets				
Managed investment scheme	8,087,442	-	-	8,087,442
<b>Total assets</b>	<b>8,087,442</b>	<b>-</b>	<b>17,775,796</b>	<b>25,863,238</b>

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

There were no transfers between levels during the financial year.

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



## Notes to the Financial Statements

For the year ended 30 June 2022

### 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 and Aged Care (DHAC) advised BCH that the total amount of insurance premiums paid by DHAC on its behalf to VMIA was \$29,128 for the 2022 financial year (2021: \$26,447).

#### 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 2022

### 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 2021	to 30 June 2022
Michelle Stares	1 July 2021	to 30 June 2022
Stephen Bigarelli	1 July 2021	to 30 June 2022
Rebecca Fraser	1 July 2021	to 30 June 2022
John Laursen	1 July 2021	to 30 June 2022
Megan May	1 July 2021	to 30 June 2022
Mathew Muldoon	1 July 2021	to 30 June 2022
Robert Hook	1 July 2021	to 30 June 2022
Maria Palmer	1 July 2021	to 30 June 2022
Jessie Harman	1 July 2021	to 30 June 2022

Executive Management		
Sean Duffy (Chief Executive Officer)	1 July 2021	to 30 June 2022
Danielle Walker (Executive Manager Corporate Services)	1 July 2021	to 30 June 2022
Darlene Henning-Marshall (Executive Manager Strategy and Outcomes)	1 July 2021	to 19 January 2022
Joanne Gell (Executive Manager Client Services)	1 July 2021	to 30 June 2022
Ellery Hickson (Executive Manager – People & Culture)	18 April 2021	To 30 June 2022

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

	2022	2021
	\$	\$
Short-term employee benefits	593,749	694,892
Post-employment benefits	73,701	81,809
Other long-term benefits	3,485	6,512
<b>Total key management personnel compensation</b>	<b>670,935</b>	<b>783,213</b>
<b>Note 8.4: Remuneration of the auditors</b>		
Audit of the financial statements	33,000	26,840
Other accounting services	-	7,260
	<b>33,000</b>	<b>34,100</b>

## Notes to the Financial Statements

For the year ended 30 June 2022

### 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 2022. At the date of this report it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of 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 2022

### Note 8 Other Disclosures (cont.)

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The assessment has indicated that there will be no significant impact on 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 2021-2 *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 2022

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 – Simplified Disclosures 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 2022 and of its performance 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 the Board of Directors

Paul Ryan  
Chairperson



Stephen Bigarelli  
Finance & Audit Chair



Dated this      day of                      2022

# 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 2022</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 2022 and of its financial performance and its cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards – Simplified Disclosures 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 – Simplified Disclosures 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  
17 October 2022



Sanchu Chummar

*as delegate for the Auditor-General of Victoria*







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