

Ballarat Community Health Ltd.

Financial Report
2022-2023





Financial Report

2022-2023

Financial Statements for the
year ended 30 June 2023

ABN: 98 227 492 950

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Directors' Report

For the year ended 30 June 2023

The directors present their report, together with the financial statements of Ballarat Community Health Ltd (BCH) for the year ended 30 June 2023.

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 (Governance Committee Chairperson)
- Joanna Hambling
- Jessie Harman (Chairperson)
- Robert Hook
- Megan May (resigned 18/11/22)
- Mathew Muldoon
- Maria Palmer (Quality of Care Committee Chairperson)
- David Pierce
- Paul Ryan (term expired 26/10/22)
- Kerry Bradley (elected 26/10/22)

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 2023 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 has continued to support the community as we emerge from the COVID-19 Pandemic Event. We have largely transitioned our services back to in-person services, except where our clients have preferred continued use of technology to receive services. We have welcomed the opportunity to be present in the community delivering our breadth of outreach, community, and centre-based services. A fantastic example of BCH bringing our community together was our recent World Refugee Day Community Lunch. This event was held at our Lucas site, where we welcomed hundreds of community members, staff, clients, and volunteers to share lunch and reflect on the fabulous contribution that diversity brings.

As an organisation we continue to focus our efforts on those who are the most vulnerable within our community. This dedication was showcased, during the last financial year, through our Community Connectors program. In this program BCH worked with health and community services, residents and peer workers to identify/design/implement appropriate interventions as well as training and employment opportunities for particularly those in our community with identified high level needs.

In addition to the Community Connectors program, we have also commenced other new program initiatives including:

- an integrated service to support people with co-occurring mental health and AOD issues to access the services that they need when they need them. The "Step-Thru Care" program includes service delivery from a multi-disciplinary team, including lived experience workers, across the Ballarat Goldfields region. We aid consumers

Directors' Report

For the year ended 30 June 2023

to navigate a very complex mental health and AOD treatment system and provide access to person-centred treatment to support their recovery pathway.

- the Peer Cadet program is a new initiative designed to train and develop a lived experience workforce. As part of this program BCH are in the process of recruiting and training 5 peer cadets who will work with experienced clinicians across the organisation. The cadets will ultimately use their studies completed as part of the program, skills gained through their work with BCH and their own lived experience, to become skilled clinicians, providing a valuable boost to the workforce in areas such as mental health.

Along with funding for new program initiatives BCH also received just over \$500k of funding to complete further detailed designs for the potential upgrade of our Sebastopol facility. This detailed planning work is now complete, and BCH will submit a funding application, in line with the next round of Regional Health Infrastructure Funding to enable this work to be complete. The extension and revitalisation of this facility would allow us to grow our service delivery in one of Ballarat's highest areas of need. The facility will enable us to deliver contemporary and quality care in the communities where it is most needed.

BCH continue to utilise innovative to improve the way we work, through the review of processes, systems and practices. A focus on continued quality improvements enables us to work more efficiently and effectively across the organisation, maximising the service delivery provided for the funding received. A sample of areas where changes have been made include:

- Implementation of a new General Ledger system, including interfaces to our payroll, budgeting and client management system
- Optimisation of Microsoft teams platforms, for example the usage of registers to improve visibility on compliance matters
- Introduction of project management framework and tools
- Optimisation of our client management system to collect, analyse and transmit important client information.

Our work with the Alliance of Regional and Rural Community Health (ARRCH) continues. In the past year ARRCH have developed a Strategic Plan and several Communities of Practice that provide valuable forums for the sharing of information and continued advocacy. In addition to ARRCH the last twelve months has also seen the development and launch of the Community Health First alliance. Community Health First brings together all 24 of Victoria's registered community health services across metropolitan, rural and regional Victoria with one simple but ambitious goal – improving health and well-being outcomes for all Victorians. As part of its work in the last 12 months Community Health First launched its position paper titled: "Strengthening Victoria's Health System through Community Health", at a roundtable meeting on 11th July, which was attended by the Minister and Secretary of Health. This paper provides information to government and other stakeholders around the valuable work of community health and the essential role we play keeping Victorian's well, both now and into the future.

Strategic Plan – 2023 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

Directors' Report

For the year ended 30 June 2023

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
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 for which progress is reported to the BCH Board of Directors quarterly.

Directors' Report

For the year ended 30 June 2023

Stephen Bigarelli	
Qualification	CPA
Special responsibilities	Chair of Finance & Audit Committee
Kerry Bradley (elected 26/10/22)	
Qualification	MBA, BBus. HAdmin, Grad Cert Applied Risk M'ment, Diploma Risk Management and Business Continuity, RN, GAICD.
Special responsibilities	Member of Quality of Care Committee (from 02/11/22)
Rebecca Fraser	
Qualification	BA, MEmplabRellaw, GDipEmp&LReILaw, MAICD
Special responsibilities	Member of Corporate Governance Committee (from 01/07/22 – 02/11/22) Chair of Corporate Governance Committee (from 02/11/22)
Joanna Hambling	
Qualification	BA (Hons) Business Management with Economics, Leadership Development
Special responsibilities	Member of Corporate Governance Committee Member of Finance & Audit Committee (from 02/11/22)
Jessie Harman	
Qualification	PhD, MBA, BA (Hons), MAICD
Special responsibilities	Board Deputy Chairperson (from 01/07/22 – 02/11/22) Board Chairperson (from 02/11/22) Chair of Corporate Governance Committee (from 01/07/22 – 02/11/22)
Robert Hook AM	
Qualification	F CPA
Special responsibilities	Member of Finance & Audit Committee
Megan May (resigned 18/11/22)	
Qualification	BSc, MHSc (Osteopathy), Grad Cert AHM, Cert IV (Breastfeeding Education), GAICD
Special responsibilities	Chair of Quality of Care Committee (from 01/07/22 – 02/11/22)
Mathew Muldoon	
Qualification	BEC (Accounting), Chartered Accountant, Registered Liquidator, MAICD
Special responsibilities	Member of Finance & Audit Committee
Maria Palmer	
Qualification	BSc, GAICD
Special responsibilities	Member of Quality of Care Committee (from 01/07/22 – 02/11/22) Chair of Quality of Care Committee (from 02/11/22) Board Deputy Chairperson (from 02/11/22)
David Pierce	
Qualification	MB BS, MGPP, MMed, MD (Research), FRACGP, FASPM, GradDipTheol
Special responsibilities	Member of Quality of Care Committee
Paul Ryan (term expired 26/10/22)	
Qualification	DipT, BTheol, GradDipPsychStud, BSc(Hons), GAICD
Special responsibilities	Board Chairperson (01/07/22 – 26/10/22)

Directors' Report

For the year ended 30 June 2023

Company secretary

Danielle Walker was appointed Company Secretary on 10 November 2021 and held this position at the end of the of the 2022-2023 financial year.

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 4 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>Eligible¹</i>	<i>Attended</i>	<i>Eligible¹</i>	<i>Attended</i>	<i>Eligible¹</i>	<i>Attended</i>
Stephen Bigarelli	11	11	11	11				
Kerry Bradley	7	6			3	3		
Rebecca Fraser	11	10					4	4
Jessie Harman	11	11					2	2
Joanna Hambling	11	10	7	6			4	4
Robert Hook	11	10	11	10				
Megan May	5	3			3	3		
Mathew Muldoon	11	7	11	6				
Maria Palmer	11	9			5	5		
David Pierce	11	10			5	5		
Paul Ryan	4	4						

¹ 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 2023

After balance date events

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 2023 has been received and can be found immediately after this directors' report.

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



Jessie Harman, Chairperson



Stephen Bigarelli, Finance & Audit Chair

Dated this 20th day of September 2023

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 2023, 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
3 October 2023



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 2023

	Note	2023	2022
		\$	\$
Revenue and income			
Grant revenue	2.1	20,964,663	18,321,868
Services revenue	2.2	4,653,448	5,248,871
Investment income	2.3	431,003	559,134
Other	2.4	36,210	46,774
Total revenue and income		26,085,324	24,176,647
Expenses			
Operating expenditure	3.1	24,839,909	24,249,158
Depreciation and amortisation	4.6	1,178,506	1,139,312
Finance costs		20,803	1,812
Total expenses		26,039,218	25,390,282
Surplus/(deficit) for the year		46,106	(1,213,635)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties		1,294,750	3,932,739
(Loss)/gain on the revaluation of equity instruments at fair value through other comprehensive income		378,283	(745,078)
Other comprehensive income for the year		1,673,033	3,187,661
Total comprehensive income for the year		1,719,139	1,974,026

Statement of Financial Position

As at 30 June 2023

	Note	2023	2022
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	1,785,810	251,060
Receivables	5.1	1,229,800	1,169,108
Investments and other financial assets	4.1	7,569,070	8,087,442
Other assets	5.2	238,948	136,672
Total Current Assets		10,823,628	9,644,282
Non-Current Assets			
Property, plant and equipment	4.2	25,069,831	24,663,684
Intangible assets	4.3	454,171	-
Right-of-use assets	4.5	661,367	-
Total Non-Current Assets		26,185,369	24,663,684
TOTAL ASSETS		37,008,997	34,307,966
LIABILITIES			
Current Liabilities			
Payables	5.3	1,898,721	1,433,556
Contract liabilities	5.4	821,643	728,589
Lease liabilities	6.2	134,929	-
Provisions	3.2	2,238,172	2,621,774
Total Current Liabilities		5,093,465	4,783,919
Non-Current Liabilities			
Lease liabilities	6.2	535,750	-
Provisions	3.2	803,409	666,813
Total Non-Current Liabilities		1,339,159	666,813
TOTAL LIABILITIES		6,432,624	5,450,732
NET ASSETS		30,576,373	28,857,234
EQUITY			
Financial asset revaluation reserve		809,896	374,384
Property asset revaluation reserve		6,592,476	5,297,726
Retained surpluses		23,174,001	23,185,124
TOTAL EQUITY		30,576,373	28,857,234

Statement of Changes in Equity

As at 30 June 2023

	Financial asset revaluation reserve	Property asset revaluation reserve	Retained surpluses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2021	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	-
Balance at 30 June 2022	374,384	5,297,726	23,185,124	28,857,234
Balance at 1 July 2022	374,384	5,297,726	23,185,124	28,857,234
Surplus for the year	-	-	46,106	46,106
Total other comprehensive income for the year	378,283	1,294,750	-	1,673,033
Transfer of gains/losses on derecognition of financial assets	57,229	-	(57,229)	-
Balance at 30 June 2023	809,896	6,592,476	23,174,001	30,576,373

Statement of Cash Flows

As at 30 June 2023

	Note	2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,605,686	4,945,323
Receipts from Government and communities		20,903,827	18,743,766
Payments to suppliers and employees		(24,560,914)	(24,444,768)
Dividends received		397,336	416,506
Interest paid		(20,803)	(1,812)
Net cash provided by/(used in) operating activities	6.1.1	1,325,132	(340,985)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(691,120)	(398,643)
Proceeds from disposal of property plant and equipment		1,178	-
Interest received		72,769	38,083
Payments for investment portfolio		(781,781)	(1,271,026)
Proceeds from sale of investment portfolio		1,678,436	908,610
Net cash provided by/(used in) investing activities		279,482	(722,976)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(69,864)	(73,801)
Net cash used in financing activities		(69,864)	(73,801)
Net increase/(decrease) in cash and cash equivalents held		1,534,750	(1,137,762)
Cash and cash equivalents at beginning of financial year		251,060	1,388,822
Cash and cash equivalents at end of financial year	6.1	1,785,810	251,060

Notes to the Financial Statements

For the year ended 30 June 2023

Note 1 Summary of Significant Accounting Policies

The financial statements cover Ballarat Community Health Ltd. (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
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 2023

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 2023

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 fulfill 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 recognised 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

	2023	2022
	\$	\$
Note 2.1: Grant fundings		
State Government grants	12,968,562	12,050,304
Commonwealth Government grants	7,343,889	5,559,039
Other grants	652,212	712,525
Total grants fundings	20,964,663	18,321,868
<i>Grants recognised under AASB 1058</i>		
Operating grants	19,714,892	17,388,637
Capital grants	423,932	45,572
Total grant income recognised under AASB 1058	20,138,824	17,434,209
<i>Grants recognised under AASB 15</i>		
Operating grants recognised over time	825,839	887,659
Total grant revenue recognised under AASB 15	825,839	887,659
Total grant fundings	20,964,663	18,321,868
Note 2.2: Services revenue – recognised under AASB 15		
Client revenue	3,055,641	4,331,996
Program revenue	1,531,142	848,205
Occupancy	66,665	68,670
Total services revenue	4,653,448	5,248,871
Note 2.3: Investment income		
Interest	72,769	38,083
Dividends	358,234	520,169
Other investment revenue	-	882
Total investment revenue	431,003	559,134
Note 2.4: Other income		
Loss on disposal of assets	(25,044)	(50,401)
Donations and other income	61,254	97,175
Total Other	36,210	46,774
Total income	26,085,324	24,176,647

Notes to the Financial Statements

For the year ended 30 June 2023

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 80% in 2023 (2022: 75%) 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 2023

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 2023

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

	2023	2022
	\$	\$
Note 3.1: Breakdown of operating expenditure		
Employment expenses	19,890,672	19,027,533
Administration	1,886,894	1,382,177
Community engagement	117,745	102,531
Program expenses	2,229,899	3,150,057
Motor vehicle expenses	93,002	63,556
Occupancy expenses	621,697	523,304
Total operating expenditure	24,839,909	24,249,158

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.

	2023	2022
	\$	\$
Note 3.2: Employee benefits in the Statement of Financial Position		
Current		
Provision for annual leave	1,046,216	1,286,838
Provision for accrued days off	58,590	64,541
Provision for long service leave	1,102,970	1,270,395
Provision for purchased leave	30,396	-
Total current provisions	2,238,172	2,621,774
Non-current		
Provision for long service leave	803,409	666,813

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 2023

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.

An inflation rate of 4.35%, reflecting the future wage and salary levels. Discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.

	2023	2022
	\$	\$
Note 3.3: Superannuation		
Superannuation expense	1,795,973	1,639,354

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 2023

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: Intangible assets
- 4.4: Impairment of assets
- 4.5: Right-of-use assets
- 4.6: Depreciation

	2023	2022
	\$	\$
Note 4.1: Investments and other financial assets		
Portfolio investments - FVOCI	7,569,070	8,087,442
Total investments and other financial assets	7,569,070	8,087,442
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 (2022)	-	5,700,000
Land at valuation (2023)	5,985,000	-
	5,985,000	5,700,000
Buildings		
Buildings at valuation (2022)	-	11,900,000
Buildings at valuation (2023)	13,342,328	-
Buildings at cost	223,434	223,434
Less accumulated depreciation	(683,377)	(47,638)
	12,882,385	12,075,796
Leasehold Improvements		
Leasehold improvements at cost	5,689,978	5,403,526
Less accumulated depreciation	(501,641)	(310,277)
	5,188,337	5,093,249
Capital work in progress	-	140,707
Total land and buildings	24,055,722	23,009,752
Plant and equipment		
Furniture, fittings and equipment at cost	3,840,293	4,437,314
Less accumulated depreciation	(2,904,901)	(2,954,089)
	935,392	1,483,225
Motor vehicles		
Motor vehicles at cost	737,448	737,448
Less accumulated depreciation	(658,731)	(566,741)
	78,717	170,707
Total plant and equipment	1,014,109	1,653,932
Total property, plant and equipment	25,069,831	24,663,684

BALLARAT COMMUNITY HEALTH LTD

ABN 98 227 492 950

Notes to the Financial Statements

For the year ended 30 June 2023

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 \$
Balance at 1 July 2021	3,236,621	10,746,090	5,273,829	476,308	1,430,905	287,660	21,451,413
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)
Carrying amount at 30 June 2022	5,700,000	12,075,796	5,093,249	140,707	1,483,225	170,707	24,663,684
Balance at 1 July 2022	5,700,000	12,075,796	5,093,249	140,707	1,483,225	170,707	24,663,684
Additions	-	-	249,102	-	442,018	-	691,120
Revaluations	285,000	1,009,750	-	-	-	-	1,294,750
Reclassification	-	-	37,350	(140,707)	103,357	-	-
Transfer to intangible assets	-	-	-	-	(454,171)	-	(454,171)
Disposals	-	-	-	-	(26,222)	-	(26,222)
Depreciation expense	-	(203,161)	(191,364)	-	(612,815)	(91,990)	(1,099,330)
Carrying amount at 30 June 2023	5,985,000	12,882,385	5,188,337	-	935,392	78,717	25,069,831

Notes to the Financial Statements

For the year ended 30 June 2023

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 less depreciation for buildings. There are judgements, estimates and uncertainties in determining the fair value of land and building. Fair value is based on independent external valuations, every three years with fair value assessments undertaken by management in the intervening years, based on the indexation on building and land published by the Department of Treasury and Finance Victoria – Valuer General Building and Land Index as the end of the relevant financial year. Any material changes identified through these valuation processes are taken up in the accounts in the relevant year. BCH last sought independent valuation on its freehold land and buildings in financial year 2022. Therefore, this year, management has conducted a self-assessment on this asset class on the basis outlined to calculate the recorded fair value.

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.

	2023	2022
Note 4.3: Intangible assets		
Software development		
At cost	729,030	-
Less accumulated amortisation	(274,859)	-
Total intangible assets	454,171	-

Notes to the Financial Statements

For the year ended 30 June 2023

Reconciliations of the carrying amounts of each class of asset

	Software (at cost)	Total
	\$	\$
Balance at 1 July 2022	-	-
Transfer from property, plant and equipment	454,171	454,171
Carrying amount at 30 June 2023	454,171	454,171

Intangible assets – software

Currently there are two recently implemented instances of IT software used at BCH recorded as intangible assets. They include a Client Management System and Finance/General Ledger System.

The Client Management System implementation was completed in FY22. The system is used to record, report and bill all of the services delivered to BCH clients (except in our GP Practices and Headspace). At the end of FY23, the software continued to be utilised to its full capacity and has a written down value is \$265,188.

The new Finance/General Ledger System was launched at the beginning of the FY23. The Financial Management System includes all the functionality that BCH requires (for example cash management, grant tracking and billing, general ledger). The written down value at year end is \$188,983

BCH incurred internally generated development cost to tailor both the Client Management and Finance/General Ledger system to meet BCH's specific use requirements. This has included the development of API and other integration options between of Finance, Budgeting, Client Management and Payroll System.

BCH recognises internally generated intangible assets arising from development if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset to that it will be available for use
- an intention to complete the intangible asset and use it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Expenditure incurred on research activities is recognised as an expense in the period on which it is incurred.

All intangible assets are initially recognised at cost and subsequently adjusted for accumulated amortisation and impairment losses.

Note 4.4: Impairment of assets – Critical accounting estimates and judgements

At the end of each reporting period, BCH evaluate 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, 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

Notes to the Financial Statements

For the year ended 30 June 2023

recoverable amount of an assets class, BCH estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

This year, management have conducted impairment testing on BCH's electronic equipment. The result of the testing shows that 150 IT assets (monitors, tablets, handset phones and laptops) are obsolete and no longer provide any benefits to the business. These assets were disposed from the Fixed Asset Register as at 30 June. The impact of the disposal is nil as those assets have been fully depreciated.

The evaluation for impairment triggers and the determination of recoverable amounts involve a number of estimates and assumptions.

	2023	2022
	\$	\$
Note 4.5: Right-of-use assets		
Non-Current		
Property	740,543	-
Accumulated depreciation	(79,176)	-
Total property right-of-use assets	661,367	-

Reconciliations of the carrying amounts of each class of asset

	Property	2023
	\$	\$
Balance at the beginning of year	-	-
Recognition of lease liability	740,543	740,543
Depreciation	(79,176)	(79,176)
Balance at the end of the year	661,367	661,367

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 2023

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

	2023	2022
	\$	\$
Note 4.6: Depreciation and amortisation		
Buildings	203,161	189,268
Leasehold improvements	191,364	188,560
Furniture, fittings and equipment	612,815	573,928
Motor vehicles	91,990	116,953
Right-of-use assets	79,176	70,603
Total depreciation	1,178,506	1,139,312

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	17%

Notes to the Financial Statements

For the year ended 30 June 2023

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

	2023	2022
	\$	\$
Note 5.1: Receivables		
Trade receivables	925,019	1,004,100
Accrued investment income	250,673	155,362
Other receivables	39,441	9,646
Bond deposits	14,667	-
Total receivables	1,229,800	1,169,108

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	238,948	136,672
Total other assets	238,948	136,672

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	213,071	-
Accrued expenses and sundry payables	1,265,226	1,197,446
GST payable	420,424	236,110
Total payables	1,898,721	1,433,556

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 2023

Note 5 Other Assets and Liabilities (cont.)

	2023	2022
	\$	\$
Note 5.4: Contract liabilities		
Grant funding	821,643	728,589
Total contract liabilities	821,643	728,589

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 2023	At 30 June 2022
	\$	\$
Funding committed for restricted use		
Peer Cadet Program	208,864	
Nursing Service	80,543	
Mental Health Directory Digital Platform	18,182	
Regional Care Partnership	153,764	
Headspace Core	165,983	222,914
Headspace EMHSIS	61,424	
Headspace Youth Severe	34,291	46,148
STEPMI	82,592	
Sexual Health Hub	16,000	
Connecting to Community		65,880
Continuity of Support		33,017
Intensive Psychosocial Support		59,476
Service Navigator		28,874
Headspace Wait Time Reduction		18,684
Total commitments	821,643	474,993

Notes to the Financial Statements

For the year ended 30 June 2023

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

	2023	2022
	\$	\$
Note 6.1: Cash and cash equivalents		
Current		
Cash at bank	1,135,784	245,989
Cash on hand	1,850	2,250
Investment portfolio cash account	648,176	2,821
Total cash and cash equivalents	1,785,810	251,060

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

Surplus/(deficit) for the year	46,106	(1,213,635)
Reconciling items		
- Depreciation	1,178,506	1,139,312
- Loss on disposal of assets	25,044	50,402
- Interest received	(72,769)	(38,083)
- (Increase)/decrease in trade and other receivables	(155,417)	(504,730)
- (Increase)/decrease in other assets	(7,551)	(40,401)
- Increase/(decrease) in payables	465,165	(18,677)
- Increase/(decrease) in contract liabilities	93,054	451,026
- Increase/(decrease) in provisions	(247,006)	(166,199)
Net cashflows provided by operating activities	1,325,132	(340,985)
Note 6.2: Lease liabilities		
Current		
Lease liability	134,929	-
Non-current		
Lease liability	535,750	-
Total lease liabilities	670,679	-

Notes to the Financial Statements

For the year ended 30 June 2023

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 6.2: 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

In financial year 2022, BCH signed a contract with WestVic PHN to complete a renovation of its Headspace, Camp Street office. In financial year 2023 BCH received the capital funding of \$450,000 and at balance date the renovation project was fully completed.

There is no other capital commitment at balance date.

Notes to the Financial Statements

For the year ended 30 June 2023

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 2023

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 2023

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 2023 (2022: 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 2023

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
	\$	\$	\$	\$
2022				
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
Total assets	8,087,442	-	17,775,796	25,863,238
2023				
Property, plant and equipment				
Land	-	-	5,985,000	5,985,000
Buildings	-	-	12,882,385	12,882,385
Investments and other financial assets				
Managed investment scheme	7,569,070	-	-	7,569,070
Total assets	7,569,070	-	18,867,385	26,436,455

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 2023

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 \$60,836 for the 2023 financial year (2022: \$29,128).

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 2023

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 2022	to 26 October 2022
Stephen Bigarelli	1 July 2022	to 30 June 2023
Rebecca Fraser	1 July 2022	to 30 June 2023
Megan May	1 July 2022	to 18 November 2022
Mathew Muldoon	1 July 2022	to 30 June 2023
Robert Hook	1 July 2022	to 30 June 2023
Maria Palmer	1 July 2022	to 30 June 2023
Jessie Harman	1 July 2022	to 30 June 2023
Kerry Bradley	26 October 2022	to 30 June 2023
Joanna Hambling	1 July 2022	to 30 June 2023
David Pierce	1 July 2022	to 30 June 2023

Executive Management		
Sean Duffy (Chief Executive Officer)	1 July 2022	to 30 June 2023
Danielle Walker (Executive Manager - Corporate Services)	1 July 2022	to 30 June 2023
Joanne Gell (Executive Manager - Client Services)	1 July 2022	to 30 June 2023
Ellery Hickson (Executive Manager – People & Culture)	1 July 2022	to 30 June 2023

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

	2023	2022
	\$	\$
Short-term employee benefits	661,193	593,749
Post-employment benefits	84,583	73,701
Other long-term benefits	-	3,485
Total key management personnel compensation	745,776	670,935
Note 8.4: Remuneration of the auditors		
Audit of the financial statements	33,900	33,000
Other accounting services	-	-
	33,900	33,000

Notes to the Financial Statements

For the year ended 30 June 2023

Note 8.5: Events occurring after balance date

No 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 2023

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.	The mandatory effective date of 1 January 2022 has been deferred to January 2023 by AASB 2020-6	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 2022-23 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 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Accounting Standards*
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current liabilities with Covenants*
- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

Directors' Declaration

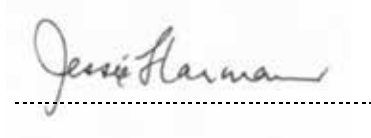
For the year ended 30 June 2023

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 2023 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

Jessie Harman
Chairperson

Handwritten signature of Jessie Harman in black ink, positioned above a horizontal dashed line.

Stephen Bigarelli
Finance & Audit Chair

Handwritten signature of Stephen Bigarelli in blue ink, positioned above a horizontal dashed line.

Dated this 20th day of September 2023

Independent Auditor’s Report

To the Directors of Ballarat Community Health

Opinion	<p>I have audited the financial report of Ballarat Community Health (the company) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2023 • statement of profit or loss and other comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • directors’ declaration. <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"> • giving a true and fair view of the financial position of the company as at 30 June 2023 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards – Simplified Disclosures Requirements and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2022</i>.
Basis for Opinion	<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>
Directors’ responsibilities for the financial report	<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 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
3 October 2023



Sanchu Chummar

as delegate for the Auditor-General of Victoria



Financial Report

2022-2023

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