

**Victorian Aboriginal
Community Controlled
Health Organisation Inc**

A.B.N. 67 498 114 972

Financial Report

FOR THE YEAR ENDED 30th JUNE 2019

VICTORIAN ABORIGINAL COMMUNITY
CONTROLLED HEALTH ORGANISATION INC
A.B.N. 67498114972

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COMMITTEE'S REPORT

Your committee members present this report along with the financial report of Victorian Aboriginal Community Controlled Health Organisation Incorporated (VACCHO) for the financial year ended 30th June 2019, in order to comply with the provisions of the *Associations Incorporation Reform Act 2012*.

COMMITTEE MEMBERS

The names of committee members throughout the year were:

Karen Heap	Chairperson (elected October 2018)
Suzie Squires	Treasurer
John Gorton	
Michael Graham	
Michael Bell	Casual appointment May 2019
James Atkinson	Casual appointment February 2019
Karlene Dwyer	Casual appointment March 2019
Raylene Harradine	Deputy Chairperson (Elected October 2018 Resigned April 2019)
Rod Jackson	Term ended October 2018
Jason Saunders	Resigned December 2018
John Mitchell	Term ended October 2018 (Chairperson)

A Ballot for the election of Members of the Board occurs at the Annual General Meeting in October each year.

Meetings of Committee Members

During the financial year, 5 meetings of Committee Members were held. Attendances by each member were as follows:

	<i>Committee members meetings</i>	
	<i>Number eligible to attend</i>	<i>Number attended</i>
Karen Heap	5	5
Suzie Squires	5	4
John Gorton	5	3
Michael Graham	5	4
Michael Bell	1	1
James Atkinson	3	2
Karlene Dwyer	1	1
Raylene Harradine	2	1
Rod Jackson	2	1
Jason Saunders	3	3
John Mitchell	2	2

SUMMARY

During 2018/19, VACCHO continued to cement its leadership role through implementation of its Strategic Plan 2018-2022. This period saw both State and Federal elections take place with VACCHO playing a pivotal role in developing two election platforms. Supported by the ACCO Membership and Board, VACCHO advocated for multi-partisan commitment from all parties to improve the health and wellbeing of Aboriginal people in Victoria.

During the Victorian State election, VACCHO advocated for four key areas of policy reform:

1. Keep walking with us: Continue support by the State Government in developing reforms based upon self-determination,

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2. Long-term Gains Need Long-term Funding: the full investment in *Korin Korin Balit Djak* and all other strategies.
3. Improve the capacity of mainstream services to provide culturally safe care: a review of racism in mainstream tertiary health services led by an Aboriginal Health Commissioner.
4. Investment in Prevention rather than Detention: raising the age of criminal responsibility from 10 to 14 years of age.

At the Federal election, VACCHO advocated for reform in sustainability, prevention and accountability.

- a) Sustainability: Develop an ACCO designed Infrastructure and Workforce Plan, reform the PHN Model for Aboriginal Health, and implement long term needs based funding model for ACCOs.
- b) Prevention: Increase primary health care funding, integrate mental health and SEWB teams in all ACCOs, and quarantine 5% of MRFF funding specifically for Community-led research into Aboriginal health.
- c) Accountability: Review current funding models with geographically based funding limitations, and a Parliamentary Inquiry into Institutional Racism experienced by Aboriginal peoples in mainstream health systems.

At the conclusion of the Federal and State elections VACCHO has continued to advocate for these policy reforms, meeting with both local Members of Parliament and Ministers for key portfolios, to ensure that Government is held to account in their next terms.

Importantly, VACCHO's strong balance sheet continues to reflect the organisations Strategic Priorities and continued to support of its Members. In 2019/20 the Board and VACCHO, will be looking towards imbedding these election platforms, identifying the significant funding gaps across a number of Aboriginal communities, and implementing a self-determining model for investment in a strategic and sustainable way.

During this financial year, the implementation of an organisational review commissioned by VACCHO commenced. This review was initiated in response to the exponential growth of VACCHO over the years, and a lack of concurrent focus on changing the organisation's structure to reflect this growth. Importantly, concerns were highlighted by our membership base, who had indicated they were looking for VACCHO to provide a more strategic, structured and coordinated response to member support in a rapidly changing, complex environment of almost unprecedented growth and policy reform across many areas.

OPERATING RESULT

The surplus for the year amounted to \$65,064 (2018: \$38,153).

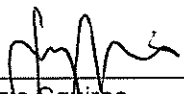
INDEMNIFICATION OF OFFICERS AND AUDITORS

VACCHO has not during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the entity or any related entity against a liability incurred by the auditor. During the financial year, VACCHO has not paid a premium in respect of a contract to insure the auditor of the entity or any related entity.

Signed in accordance with a resolution of the members of the Committee.



Karen Heap



Suzie Squires

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**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

REVENUE	Note	2019 \$	2018 \$
Grants and funding	2	11,668,908	11,016,356
Other income	2	847,949	694,270
TOTAL REVENUE		12,516,857	11,710,626
EXPENDITURE			
Program operational expenses		3,902,005	3,760,226
Employee expenses		6,817,181	6,214,211
Depreciation expenses		224,224	166,134
Office expenses	2	733,172	826,087
Other expenses	2	775,211	705,815
TOTAL EXPENDITURE		12,451,793	11,672,473
Surplus Before Income Tax for the year attributable to Members of the Entity		65,064	38,153
Other Comprehensive Income		-	-
Total Comprehensive Income for the year attributable to Members of the Entity		65,064	38,153

The above Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

CURRENT ASSETS		2019	2018
	Note	\$	\$
Cash and cash equivalents	3	17,231,275	11,363,030
Trade and other receivables	4	666,359	1,124,661
Financial assets	5	-	4,894,427
Other	6	110,795	10,625
TOTAL CURRENT ASSETS		18,008,429	17,392,743
NON-CURRENT ASSETS			
Property, plant and equipment	7	6,854,166	6,606,341
TOTAL NON-CURRENT ASSETS		6,854,166	6,606,341
TOTAL ASSETS		24,862,595	23,999,084
CURRENT LIABILITIES			
Trade and other payables	8	1,779,359	1,701,148
Employee benefits	9	597,226	555,201
Deferred income	10	10,807,250	10,082,810
TOTAL CURRENT LIABILITIES		13,183,835	12,339,159
NON-CURRENT LIABILITIES			
Employee benefits	9	36,370	82,599
TOTAL NON-CURRENT LIABILITIES		36,370	82,599
TOTAL LIABILITIES		13,220,205	12,421,758
NET ASSETS		11,642,390	11,577,326
EQUITY			
Retained surpluses		11,642,390	11,577,326
TOTAL EQUITY		11,642,390	11,577,326

The above Statement of Financial Position should be read in conjunction with the accompanying notes

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Retained Surpluses	Total Equity
	\$	\$
2018		
Balance at 1 July 2017	11,539,173	11,539,173
Surplus attributable to members	38,153	38,153
Balance at 30 June 2018	<u>11,577,326</u>	<u>11,577,326</u>
2019		
Balance at 1 July 2018	11,577,326	11,577,326
Surplus attributable to members	65,064	65,064
Balance at 30 June 2019	<u>11,642,390</u>	<u>11,642,390</u>

The above Statement of Changes to Equity should be read in conjunction with the accompanying notes

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

		2019 \$	2018 \$
Cash flows from operating activities	Note		
Receipts from customers/funders		12,627,121	11,768,418
Interest received		295,669	257,540
Payments to suppliers and employees		(11,476,922)	(11,308,972)
Net cash from operating activities	11	<u>1,445,868</u>	<u>716,986</u>
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(472,050)	(269,499)
Proceeds on Sale of investments		4,894,427	-
Net (provided by) investing activities		<u>4,422,377</u>	<u>(269,499)</u>
Net increase in Cash		5,868,245	447,487
Cash and cash equivalents at the beginning of the financial year		<u>11,363,030</u>	<u>10,915,543</u>
Cash and cash equivalents at the end of the financial year	3	<u>17,231,275</u>	<u>11,363,030</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

The financial statement covers Victorian Aboriginal Community Controlled Health Organisation Incorporated as an individual entity. It is an association incorporated in Victoria under the *Associations Incorporation Reform Act 2012*. It is a not-for-profit registered health promotion charity; as such it is exempt from income tax.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, including Australian Accounting Interpretations and the *Associations Incorporation Reform Act 2012*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Reporting basis and conventions

The financial statements have been prepared on an accruals basis and are based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the term deposit accounts.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

The organisation is supported by grants received from the federal and state governments. Government revenue is recognised in the Statement of Profit or Loss and other Comprehensive Income when the entity obtains control of the revenue, it is probable that the economic benefits gained from the contract will flow to the entity and the amount of the revenue can be measured reliably.

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received. Government grant is recognised in the Statement of profit or loss and other comprehensive income when it is probable, control is gained of the monies and it can be measured reliably.

When government grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the government, this is considered a reciprocal transaction and the revenue is recognised in the Statement of Financial Position as a liability until spent, otherwise the revenue is recognised as income on receipt.

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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Income tax

The incorporated association is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key judgment - Deferred income

On 29th June 2017 VACCHO received \$5.4m from the Department of Health & Human Services to support capacity building of ACCHO's and Gathering Places within the Victorian Aboriginal community. The specific details associated with the deliverables and outcomes for this funding remain unconfirmed as at 30th June 2019. The Directors view is that VACCHO does not have control of these funds in accordance with AASB1004 and as a result the funding has been deferred and recognised as a Liability (Grants in Advance) in the statement of financial position as at 30 June 2019.

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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of this financial year.

Property, Plant and Equipment

The entity has adopted AASB 116 - *Property, Plant and Equipment*, clause 30 - Cost Model, after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Plant and Equipment

Buildings, Motor Vehicles, Office Furniture and Equipment and Plant and Equipment are carried at historical cost or fair value less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over the estimated useful lives of the assets to the entity.

Property

Freehold land is at cost.

Depreciation

The depreciable amount of Buildings (but not freehold land), Motor Vehicles, Office Furniture and Equipment and Plant and Equipment are depreciated on a written down value (WDV) or a straight line basis over their useful lives to the entity 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.

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

Class of Asset	Depreciation Rate	Method
Motor Vehicles	12.5%	Straight Line and WDV
Furniture & Equipment	20 - 100%	Straight Line and WDV
Building & Building Improvements	2.5% - 10%	Straight Line
Computer Equipment	25 - 40%	Straight Line and WDV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit and loss.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

AASB 9 Financial Instruments (AASB 9) is effective for VACCHO from FY2018/19, and replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139).

Investments and financial assets in the scope of *AASB 9 Financial Instruments* are categorised financial assets at amortised cost, Fair Value through Profit & Loss (FVTPL) and Fair Value reported in Other Comprehensive Income (FVOCI). The classification is dependent on two tests: contractual cash flow test (named SPPI as Solely Payments of Principal and Business model assessment).

Based on the objectives, classify each group or portfolio as being "held to collect", "held to collect and sell", or "other business models".

The other criteria determining the classification of financial assets, is whether the cash flows from the financial asset meet the SPPI test. This test is met when the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial Assets at Amortised Cost

A debt financial asset that the objective is to hold assets to collect contractual cash flows and meets the SPPI test will be classified as measured at amortised cost. Held-to-maturity investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Each asset category is carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when assets are derecognised or impaired, as well as through the amortisation process.

The Simplified Approach (Lifetime ECL Model) was applied to the entity's trade receivables as it does not have significant financing component.

Fair Value through Other Comprehensive Income (FVOCI)

Fair Value through Other Comprehensive Income (FVOCI) is for financial assets held-to-collect and sell. It is only available for certain debt instruments and equity investments that are not held for trading, and where debt instruments are held to achieve a particular objective by both collecting cash flows and selling financial assets. The organisation's objectives are not aligned to acquiring financial assets for the purpose of trading; accordingly it does not hold financial assets classified as fair value through other comprehensive income (FVOCI).

Fair Value through Profit and Loss

Assets are neither held-to-collect nor held to collect and for sale are classified as financial assets at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss is recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in other income.

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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the entity, are classified as finance leases.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortized on a straight-line basis over the life of the lease term.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

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 current when: it is expected to be realised or intended to be sold or consumed in 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.

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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A liability is current when: it is expected to be settled in 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.

Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment using simplified Expected Credit Loss model (ECL).

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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 interest. 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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE 2: REVENUE AND EXPENSE ITEMS

	2019 \$	2018 \$
Significant Revenue and Expense items		
Revenue		
Grants and funding	9,846,691	10,689,736
Funds brought forward from prior year	1,822,217	326,620
	<u>11,668,908</u>	<u>11,016,356</u>
Other income		
Sales income	460,358	325,374
Billable services and materials	17,998	12,205
Donations	19,883	-
Interest income	330,848	348,738
Other Revenue	18,862	7,954
	<u>847,949</u>	<u>694,271</u>
Other Expenses		
Audit Fee	25,560	19,665
Motor Vehicle	39,680	51,153
Consultants Fees	708,373	632,637
Finance Costs	1,598	2,360
	<u>775,211</u>	<u>705,815</u>
Office Expenses		
Occupancy Costs	180,080	205,041
Telephone & Internet Services	211,844	157,429
Postage, Stationery & Printing	111,276	179,158
Other Office and General Expenses	229,972	284,459
	<u>733,172</u>	<u>826,087</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE 3: CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash on Hand	195	915
Cash at Bank	17,231,080	11,362,115
Total Cash and cash equivalents	17,231,275	11,363,030

NOTE 4: TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
Trade Receivables	683,550	1,065,740
Provision for impairment	(52,370)	-
	631,180	1,065,750
Other receivables		
Funds receivable	35,179	58,921
Total trade and other receivables	666,359	1,124,661

NOTE 5: FINANCIAL ASSETS

	2019 \$	2018 \$
Financial assets at fair value through profit and loss	-	4,894,427
<u>Movement in financial assets</u>		
Balance at the beginning of the year	4,894,427	4,803,228
(Disposal)/Investment	(4,894,427)	91,199
Balance at the end of the year	-	4,894,427

The entity's investments in wholesale investments are classified as financial assets fairly valued through profit or loss.

NOTE 6: OTHER ASSETS

	2019 \$	2018 \$
Prepayments	110,795	10,625

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE 7: PROPERTY PLANT AND EQUIPMENT

	2019	2018
	\$	\$
Paintings and Artwork - at cost	54,388	53,243
Less: Accumulated Depreciation	-	-
Written Down Value	54,388	53,243
Motor Vehicles - at cost	187,435	241,822
Less: Accumulated Depreciation	(172,748)	(212,085)
Written Down Value	14,687	29,737
Computer Equipment & Software - at cost	649,094	496,937
Less: Accumulated Depreciation	(331,114)	(259,723)
Written Down Value	317,980	237,214
Furniture and Fittings - at cost	584,432	392,579
Less: Accumulated Depreciation	(335,394)	(322,895)
Written Down Value	249,038	69,684
Eye Health equipment - at cost	160,447	160,447
Less: Accumulated Depreciation	(160,367)	(160,367)
Written Down Value	80	80
Land and Buildings - at cost	6,773,702	6,773,702
Less: Accumulated Depreciation	(794,559)	(665,784)
Written Down Value	5,979,143	6,107,918
WIP - at cost	238,850	108,465
Written Down Value	238,850	108,465
Total Written Down Value of Assets	6,854,166	6,606,341

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

Movements in Carrying Amounts:

Movement in the carrying amounts for each class
of property, plant and equipment:

2018	Paintings and Artwork \$	Motor Vehicles \$	Computer Equipment and Software \$	Furniture and Fittings \$	Eye Health Equipment \$	Land and Buildings \$	WIP \$	Total \$
Opening Balance	53,243	71,147	90,709	61,658	80	6,226,138		6,502,975
Additions at cost			187,795	13,640		9,950		211,385
Disposals		(20,622)						(20,622)
Depreciation Expense		(20,788)	(41,290)	(5,614)		(128,170)		(195,863)
Project Cost WIP							108,465	108,465
Carrying amount at end year	53,243	29,737	237,214	69,684	80	6,107,918	108,465	6,606,341
2019								
Opening Balance	53,243	29,737	237,214	69,684	80	6,107,918	108,465	6,606,341
Additions at cost	1,145		148,668	191,853				341,666
Disposals								
Depreciation Expense		(15,050)	(67,902)	(12,499)		(128,775)		(224,225)
Project Cost WIP							130,385	130,385
Carrying amount at end year	54,388	14,687	317,980	249,038	80	5,979,143	238,850	6,854,167

NOTE 8: TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Trade Creditors and Accrued Expenses	959,144	1,025,734
PAYG Tax	88,562	81,324
GST	274,445	200,302
Other Creditors	81,015	72,498
Auspice Monies Held In Trust	376,193	321,290
Total Trade and Other Payables	1,779,359	1,701,148

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE 9: PROVISIONS

	2019 \$	2018 \$
Current Provisions		
Annual leave	337,426	373,900
Long-service leave	259,800	181,301
Total Current Provisions	597,226	555,201
Non-Current Provisions		
Long-service leave	36,370	82,599

NOTE 10: DEFERRED INCOME

Unearned Revenue	4,849,250	3,916,994
Grants in advance	5,958,000	6,165,816
	10,807,250	10,082,810

NOTE 11: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Surplus after Income Tax		
	2019 \$	2018 \$
Operating Surplus after income tax for the year	65,064	38,153
Non-cash flows in surplus after tax		
Depreciation	224,224	166,134
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	441,112	406,530
(Increase)/decrease in other assets	(135,349)	(90,514)
(Decrease)/increase in trade and other payables	130,581	(32,146)
Increase/(decrease) in deferred income	724,440	223,701
Increase in employee benefits	(4,204)	(5,129)
Net cash provided by operating activities	1,445,868	716,986

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NOTE 12: CONTINGENT LIABILITIES

As detailed in Note 7, the entity holds land and building at 17-23 Sackville Street, Collingwood Vic 3066, in the Statement of Financial Position at \$5,979,143. This acquisition took place in 2010 with government assistance of \$3.95million. Under the terms of this facility, the contribution is only repayable to the Department of Health if and when the following takes place:

- Windup of VACCHO; or
- A change in the entity's strategic operations.

The incorporated association had no other contingent liabilities as at 30 June 2019.

NOTE 13: ECONOMIC DEPENDENCE

The entity is economically dependent on Commonwealth and State Government departments for its grant revenue. These grants funding sources require certain procedures for grant expenditure and acquittal. If grants are not expended and acquitted in accordance with the grantor's procedures, grantors can refuse to make further grants and request repayments of grants made.

**NOTE 14: MORTGAGES, CHARGES OR SECURITIES AFFECTING THE PROPERTY
OF THE ASSOCIATION**

Capital Funding Agreement Mortgage of Land

The Department of Health under their Capital Funding Agreement established a security interest by way of mortgage on the VACCHO Head Office at 17-23 Sackville Street, Collingwood, Vic 3066.

No interest is payable on the mortgage and repayment is restricted to the provisions of the Capital Funding Agreement.

There are no other mortgages, charges or securities encumbering the property of the Association.

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel

VACCHO has made the determination of key management personnel to include members of the Executive Board and/ or Senior Executive Group as they are the governing body responsible for the delivery of the unit's services.

The total of remuneration paid to key management personnel (KMP) of the entity during the year is as follows:

	2019	2018
	\$	\$
Aggregate Compensation	1,182,561	1,232,058
	<u>1,182,561</u>	<u>1,232,058</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE 16: RELATED PARTY TRANSACTIONS

The following are related parties with VACCHO:

- Aboriginal Community Elders Services Inc
- Ballarat & District Aboriginal Cooperative
- Bendigo and District Aboriginal Cooperative
- Budja Budja Aboriginal Cooperative
- Dandenong and District Aboriginal Cooperative
- Dhauwurd Wurrung Elderly and Community Health Service
- Gippsland and East Gippsland Aboriginal Cooperative
- Goolum Goolum Aboriginal Cooperative
- Gundijtmara Aboriginal Cooperative
- Healesville Indigenous Community Services Association
- Kirrae Health Services
- Lake Tyers Health and Children's Service
- Lakes Entrance Aboriginal Health Association
- Mallee District Aboriginal Services
- Moogji Aboriginal Council East Gippsland
- Mungabareena Aboriginal Corporation
- Murray Valley Aboriginal Cooperative
- Ngwala Willumbong Cooperative
- Njernda Aboriginal Corporation
- Ramahyuck District Aboriginal Corporation
- Rumbalara Aboriginal Cooperative
- Victorian Aboriginal Health Service
- Wathaurong Aboriginal Cooperative
- Winda-Mara Aboriginal Corporation
- Albury Wodonga Aboriginal Health Service
- Boorndawan Willam Aboriginal Healing Service
- Bubup Wilam for Early Learning
- Cummeragunja Housing & Development Aboriginal Corporation (Viney Morgan AMS)
- Melbourne Aboriginal Youth, Sport & Recreation Co-operative
- Weenthunga Health Network Inc.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

The following transactions occurred with related parties:

	2019 \$	2018 \$
<i>Payment for goods and services:</i>		
Aboriginal Community Elders Services Inc	91	321
Ballarat & District Aboriginal Cooperative	15,543	-
Bendigo & District Aboriginal Cooperative	16,495	128,253
Budja Budja Aboriginal Co	81,281	65,845
Dhauwurd Wurrng Elderly And Community Heath Service Inc	81,426	193,050
Gippsland & East Gippsland Aboriginal Cooperative	15,000	2,316
Gunditjmara Aboriginal Corp.	159,037	357,660
Kirrae Health Service	81,281	129,089
Goolum Goolum Aboriginal Cooperative	87,827	178,444
Wathaurong Aboriginal Cooperative	71,818	165,000
Murray Valley Aboriginal Cooperative	59,530	556
Ramahyuck District Aboriginal Co	15,000	127,377
Rumbalara Aboriginal Cooperative	62,620	165,000
Mallee District Aboriginal Service	96,785	45,958
Weenthunga Health Network	58,182	-
Windamara Aboriginal Cooperative	89,412	208,777
Njernda Aboriginal Corp	450	3,491
Total	991,778	1,771,137
	2019 \$	2018 \$
<i>Sales for goods and services:</i>		
Bendigo & District Aboriginal Co- Op	6,000	2,750
Dandenong & District Aboriginal Cooperative Ltd	36,512	69,834
Gunditjmara Aboriginal Corp.	62,741	69,927
Lake Tyers Heath & Children's services	-	215
Wathaurong Aboriginal Health Service	90,963	94,717
Mungabareena aboriginal Corporation	22,058	-
Murray Valley Aboriginal Cooperative	-	64,490
Bubup Wilam for Early Learning	3,818	7,920
Healesville Indigenous Community Services Association	-	495
Weenthunga Health Network	1,900	11,996
Total	223,992	322,344

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

Loans to/from related parties

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

Receivable from and payable to related parties

The following table reflects the trade receivables from or trade payables with related parties at year end:

	2019		2018	
	\$		\$	
	Receivable	Payable	Receivable	Payable
Gunditjmara Aboriginal Corp.	3,017	-	9,247	-
Wathaurong Aboriginal Health Service	30,460	-	60,104	-
Dandenong & District Aborigines Cooperative Ltd	-	-	11,954	-
Bendigo and District Aboriginal Cooperative	6,000	-	-	-
Bubup Wilam Earning Learning	-	-	23,576	-
Total	39,477	-	104,881	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 17: EVENTS AFTER REPORTING PERIOD

One event has arisen since 30 June 2019 that may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years. The event is related to the \$5.4m from the Department of Health & Human Services to support capacity building of ACCHO's and Gathering Places within the Victorian Aboriginal community. VACCHO has developed an investment plan in conjunction with the Victorian Aboriginal community which supports the delivery and outcomes for the funding which is agreed the funder. The project is expected to be implemented during in 2019-20 financial year.

NOTE 18: ASSOCIATION DETAILS

The registered office of the association is:

17-23 Sackville Street,
Collingwood Vic 3066

The principal place of business is at the registered office.

VICTORIAN ABORIGINAL COMMUNITY
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PUBLIC OFFICER'S STATEMENT FOR YEAR ENDED 30th June 2019

In the officers' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards – Reduced Disclosure Requirements;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the officers


.....
Trevor Pearce (Acting CEO VACCHO)

DATED: 24/09/19


VICTORIAN ABORIGINAL COMMUNITY
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STATEMENT BY MEMBERS OF THE COMMITTEE

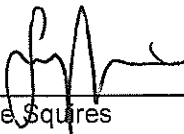
In the opinion of the committee, the financial report as set out on pages 2 to 22:

- 1 Presents fairly the financial position of Victorian Aboriginal Community Controlled Health Organisation Incorporated as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012*.
- 2 At the date of this statement there are reasonable grounds to believe that Victorian Aboriginal Community Controlled Health Organisation Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



Karen Heap



Suzie Squires

Dated this 24 day of September 2019

Independent Auditor's Report to the Members of Victorian Aboriginal Community Controlled Health Organisation Inc.

Opinion

We have audited the financial report of Victorian Aboriginal Community Controlled Health Organisation Inc. (the Association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of the of Victorian Aboriginal Community Controlled Health Organisation Inc. has been prepared in accordance with the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The members of the committee are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Members of the Committee for the Financial Report

The members of the committee of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act and for such internal control as the members of the committee determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the members of the committee are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The members of the committee are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe Vic

CROWE VIC

G. Robertson

GORDON ROBERTSON
Partner

Dated at Pakenham this 25th day of September 2019

