

Country and Outback Health Incorporated

ABN 74 919 613 078

Annual Report - 30 June 2018

Country & Outback Health Inc.
Board Report
30 June 2018

The board present their report, together with the financial statements, on the incorporated association for the year ended 30 June 2018.

Board members

The following persons were members of the board of the incorporated association during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr John Gross
Mr Richard Elkhoury
Dr Scott Lewis
Mr Craig Farrow
Ms Lee Martinez

In accordance with Section 35(5) of the Associations Incorporation Act 1985 (SA), the board hereby states that during the financial period ended 30 June 2018:

- The board members are paid a sitting fee for the meetings they attend to cover their time and any minor outgoings incurred.

Apart from the above:

- a. No officer of the association
No firm of which an officer is a member; and
No body corporate in which an officer has a substantial financial interest has received or become entitled to receive benefit as a result of a contract between the officer, firm or corporate body and the Association.
- b. No officer of the association has received directly or indirectly from the association any payment or other pecuniary value.

Objectives

The short-term objective of the incorporated association is to provide high quality health care and related services to all people residing in regional and remote areas of South Australia.

Principal activities

During the financial period the principal continuing activities of the incorporated association were promoting the prevention or control of diseases in human beings, which incorporates mental health services, drug and alcohol services and chronic disease care services.

Performance measures

The incorporated association measures its performance in terms of achievement of strategic and financial objectives on the quality of services provided to all individuals living in remote and regional South Australia.

On behalf of the officers



John Gross
Chairman

18 October 2018

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General information

The financial statements cover Country & Outback Health Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Country & Outback Health Incorporated's functional and presentation currency.

Country & Outback Health Incorporated is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office and principal place of business

12 Chapel St
Port Augusta SA 5700

A description of the nature of the incorporated association's operations and its principal activities are included in the board report, which is not part of the financial statements.

The financial statements were authorised for issue on 18 October 2018.

Country & Outback Health Inc.
Statement of profit or loss
For the period ended 30 June 2018

	Note	2018	2017
		\$	\$
Revenue	3	9,791,856	8,031,162
Expenses			
Staff costs		6,128,295	4,594,892
Third party contractors		232,344	703,644
Travel & accommodation		189,390	210,903
Conferences & training		88,387	116,138
Communications and ICT		357,950	339,019
Program expenses		310,739	167,641
Rent		377,616	360,503
Depreciation		385,121	100,248
Other expenses		859,091	682,512
		<u>8,928,933</u>	<u>7,275,500</u>
Current year surplus		<u>862,923</u>	<u>755,662</u>
Income tax expense		-	-
Net current year surplus		<u><u>862,923</u></u>	<u><u>755,662</u></u>

The above statement of profit or loss should be read in conjunction with the accompanying notes

Country & Outback Health Inc.
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,815,984	1,901,681
Trade and other debtors	5	223,591	265,842
TOTAL CURRENT ASSETS		<u>3,039,575</u>	<u>2,167,523</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	456,134	256,400
TOTAL NON-CURRENT ASSETS		<u>456,134</u>	<u>256,400</u>
TOTAL ASSETS		<u>3,495,709</u>	<u>2,423,923</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	461,446	569,212
Grants received in advance		24,333	24,333
Unexpended funding		521,781	430,397
Employee benefits	8	705,018	548,230
Other	10	49,460	25,000
TOTAL CURRENT LIABILITIES		<u>1,762,038</u>	<u>1,597,172</u>
NON-CURRENT LIABILITIES			
Employee benefits	9	121,179	77,182
TOTAL NON-CURRENT LIABILITIES		<u>121,179</u>	<u>77,182</u>
TOTAL LIABILITIES		<u>1,883,217</u>	<u>1,674,354</u>
NET ASSETS		<u>1,612,492</u>	<u>749,569</u>
EQUITY			
Retained surplus		1,612,492	749,569
TOTAL EQUITY		<u>1,612,492</u>	<u>749,569</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Country & Outback Health Inc.
Statement of changes in equity
For the period ended 30 June 2018

	Retained Surplus \$	Total \$
Balance at 1 July 2016	(6,093)	(6,093)
Net surplus for the year	755,662	755,662
Balance at 30 June 2017	<u>749,569</u>	<u>749,569</u>
Net surplus for the year	862,923	862,923
Balance at 30 June 2018	<u><u>1,612,492</u></u>	<u><u>1,612,492</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Country & Outback Health Inc.
Statement of cash flows
For the period ended 30 June 2018

	Note	2018 \$	2017 \$
Cash Flow from Operating Activities			
Receipts from customers		9,882,860	8,183,124
Payments to suppliers and employees		(8,426,333)	(6,579,448)
Interest received		42,631	15,926
Net Cash Inflow from Operating Activities	14	<u>1,499,158</u>	<u>1,619,602</u>
Cash Flow from Investing Activities			
Payment for property, plant and equipment	6	<u>(584,855)</u>	<u>(302,132)</u>
Net Cash Outflow from Investing Activities		<u>(584,855)</u>	<u>(302,132)</u>
Net Increase in cash & cash equivalents		914,303	1,317,470
Cash & cash equivalents at the beginning of the financial year		1,901,681	584,211
Cash & cash equivalents at the end of the financial year	4	<u><u>2,815,984</u></u>	<u><u>1,901,681</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The financial statements are special purpose financial statement prepared in order to satisfy the financial reporting requirement of the Associations Incorporation Act SA (1985) and the Australian Charities and Not-for-profits Commission Act 2012. The board has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

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.

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 the incorporated association'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 note 2.

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.

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Grants and Donations

Grants and donations are recognised when the entity obtains control over the funds, which is generally at the time of receipt.

If conditions are attached to the grant that must be satisfied before the association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

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

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 the incorporated association'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 the incorporated association'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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are initially recognised at fair value and carried at nominal value less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	3-5 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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.

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.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly 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 expected 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 30 June 2018. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The incorporated association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, 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.

Country & Outback Health Inc.
Notes to the financial statements
30 June 2018

	2018	2017
	\$	\$
Note 3. Revenue and other income		
Project funding	9,474,958	7,663,196
Interest received	42,631	15,926
Yorketown trust distribution	144,749	240,126
Other income	129,518	111,914
	<u>9,791,856</u>	<u>8,031,162</u>
Note 4. Current assets - cash and cash equivalents		
Cash on hand	2,900	2,900
Cash at bank	1,543,816	1,847,220
Term deposit account	1,269,268	51,561
	<u>2,815,984</u>	<u>1,901,681</u>
Note 5. Current assets - trade and other receivables		
Trade debtors	77,605	25,008
Other debtors	144,785	240,205
GST receivable	1,201	629
	<u>223,591</u>	<u>265,842</u>
Note 6. Non-current assets - property, plant and equipment		
Office equipment - at cost	321,262	238,386
Less accumulated depreciation	(157,385)	(64,338)
	<u>163,877</u>	<u>174,048</u>
Furniture and fittings - at cost	135,907	73,913
Less accumulated depreciation	(26,146)	(5,742)
	<u>109,761</u>	<u>68,171</u>
Leasehold Improvements - at cost	492,412	52,427
Less accumulated depreciation	(309,916)	(38,246)
	<u>182,496</u>	<u>14,181</u>
	<u>456,134</u>	<u>256,400</u>

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:

	Carrying Amount at 1 July 2017	Additions	Disposals	Depreciation Expense	Carrying Amount at 30 June 2018
Office equipment	174,048	82,876	-	(93,047)	163,877
Furniture and fittings	68,171	61,994	-	(20,404)	109,761
Leasehold Improvements	14,181	439,985	-	(271,670)	182,496
	<u>256,400</u>	<u>584,855</u>	<u>-</u>	<u>(385,121)</u>	<u>456,134</u>

Country & Outback Health Inc.
Notes to the financial statements
30 June 2018

	2018	2017
	\$	\$
Note 7. Current liabilities - trade and other payables		
Trade payables	266,353	432,427
Accruals	195,093	136,785
	<u>461,446</u>	<u>569,212</u>
Note 8. Current liabilities - employee benefits		
Annual leave	561,442	440,028
Long Service leave	143,576	108,202
	<u>705,018</u>	<u>548,230</u>
Note 9. Non-current liabilities - employee benefits		
Long service leave	121,179	77,182
	<u>121,179</u>	<u>77,182</u>
Note 10. Current liabilities - other		
Northern SA regional alliance	49,460	25,000
	<u>49,460</u>	<u>25,000</u>

Note 11. Contingent liabilities

Country and Outback Health Inc (COBH) have a bank guarantee in place to cover the lease for the headspace office premises in Port Augusta.

Apart from the above, COBH had no other contingent liabilities as at 30 June 2018.

	2018	2017
	\$	\$
Note 12. Operating lease commitments		
Being for rent of office and motor vehicles:		
Payable - minimum lease payments		
-not later than 12 months	517,667	298,119
-between 12 months and 5 years	319,528	317,583
	<u>837,194</u>	<u>615,702</u>

Note 13. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or 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.

Country & Outback Health Inc.
Notes to the Financial Statements
30 June 2018

Note 14. Reconciliation of surplus after income tax to net cash from operating activities

	2018	2017
	\$	\$
Operating surplus/(deficit) after income tax expense for the year	862,923	755,662
Adjustments for:		
Depreciation and amortisation	385,121	100,248
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	42,251	318,488
Decrease/(increase) in prepayments	-	45,108
Increase/(decrease) in trade and other payables	(16,382)	209,170
Increase/(decrease) in employee benefits	200,785	165,926
Increase/(decrease) in provisions	24,460	25,000
Net cash inflow from operating activities	<u>1,499,158</u>	<u>1,619,602</u>

Country & Outback Health Inc.
Boards' Declaration
30 June 2018

In the boards' opinion:

- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 1985 (SA);
- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2018 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



John Gross
Chairman

18 October 2018

RSM Australia Pty Ltd

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COUNTRY AND OUTBACK HEALTH INCORPORATED

Opinion

We have audited the financial report of Country and Outback Health Incorporated (COBH), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss, 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 boards' declaration.

In our opinion, the financial report of COBH has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 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 COBH 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist COBH to meet the requirements of Division 60 of the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Board of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the Board 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 Board is are responsible for assessing COBH'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 management either intends to liquidate COBH or to cease operations, or has no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PTY LTD



Canberra, Australian Capital Territory
Dated: 19th October 2018

R Miller
Director