



**Barwon Health
Foundation**

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BARWON HEALTH FOUNDATION

DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Barwon Health Foundation.
 - a) the financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i) giving a true and fair view of the financial position of the Trust as at 30 June 2023 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date: and
 - ii) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulations 2013* and
 - b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Geelong the 10th October 2023.

Signed in accordance with the resolution of the Directors.

Dan Simmonds (Director)

John Miles (Director)

BARWON HEALTH FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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Barwon Health Foundation
Comprehensive operating statement
For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Income from operating activities	2.1	4,967,325	3,134,571
Income from non-operating activities	2.1	641,583	734,960
Total income	2.1	5,608,908	3,869,531
Expenses			
Expenses from continuing operations	3.1	(1,890,861)	(1,486,901)
Total expenses	3.1	(1,890,861)	(1,486,901)
Net result from transactions		3,718,047	2,382,630
Other economic flows included in the net result			
Net profit on financial instruments	2.1	49,356	176,182
Total other economic flows included in the net result		49,356	176,182
Net result for the year (excluding distributions made)		3,767,403	2,558,812
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.4	245,659	-
Items that may be reclassified subsequently to net result			
Financial assets at fair value through other comprehensive income		645,473	(929,025)
Total other comprehensive income		891,132	(929,025)
Comprehensive result		4,658,535	1,629,787

This Statement should be read in conjunction with the accompanying notes.

Barwon Health Foundation

Balance sheet

As at 30 June 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	6.1	2,021,648	1,460,631
Receivables	5.1	548,864	412,825
Investments and other financial assets	4.1	12,195,550	11,203,171
Non financial physical assets held for sale	5.6	450,000	-
Prepayments and other assets		7,297	12,471
Total current assets		15,223,359	13,089,098
Non current assets			
Property, plant and equipment	4.2(a)	2,109,856	9,962
Total non current assets		2,109,856	9,962
Total assets		17,333,215	13,099,060
Current liabilities			
Payables	5.2	(85,137)	(57,950)
Employee benefits	3.2	(138,457)	(111,694)
Total current liabilities		(223,594)	(169,644)
Total liabilities		(223,594)	(169,644)
Net assets		17,109,621	12,929,416
Equity			
Property, plant and equipment revaluation surplus		245,659	-
Financial assets at fair value through other comprehensive income		670,952	25,479
Restricted specific purpose surplus		4,777,624	2,902,596
Permanent endowment		11,415,384	10,001,339
Accumulated surplus		2	2
Total equity		17,109,621	12,929,416

This Statement should be read in conjunction with the accompanying notes.

Barwon Health Foundation
Statement of changes in equity
As at 30 June 2023

	Property, plant and equipment revaluation surplus \$	Financial assets through other comprehensive income - revaluation surplus \$	Restricted specific purpose surplus \$	Permanent endowment \$	Accumulated surplus/ (deficit) \$	Total \$
Balance at 1 July 2021	-	954,504	4,532,366	8,020,070	2	13,506,942
Net result for the year	-	-	-	-	2,558,812	2,558,812
Revaluation losses through other comprehensive income	-	(929,025)	-	-	-	(929,025)
Transfer from accumulated surplus	-	-	546,603	2,012,209	(2,558,812)	-
Distributions made	-	-	(2,176,373)	(30,940)	-	(2,207,313)
Balance at 30 June 2022	-	25,479	2,902,596	10,001,339	2	12,929,416
Net result for the year	-	-	-	-	3,767,403	3,767,403
Revaluation gains through other comprehensive income	245,659	645,473	-	-	-	891,132
Transfer from accumulated surplus	-	-	2,349,387	1,418,016	(3,767,403)	-
Distributions made	-	-	(474,359)	(3,971)	-	(478,330)
Balance at 30 June 2023	245,659	670,952	4,777,624	11,415,384	2	17,109,621

This Statement should be read in conjunction with the accompanying notes.

Barwon Health Foundation

Cash flow statement

For the financial year ended 30 June 2023

	2023 \$	2022 \$ (Restated)
Cash flows from operating activities		
Donations and bequests received	4,459,401	3,102,679
Investment income received	453,254	398,616
Total receipts	4,912,655	3,501,295
Payments for supplies, consumables and employee expenses	(1,829,705)	(1,487,925)
Total payments	(1,829,705)	(1,487,925)
Net cash flow from operating activities	3,082,950	2,013,370
Cash flows from investing activities		
Purchase of investments	(2,294,741)	(6,171,123)
Proceeds on sale of investments	2,107,405	7,126,853
Purchase of property, plant and equipment	(1,856,267)	-
Net cash flow (used in)/from investing activities	(2,043,603)	955,730
Cash flows from financing activities		
Distributions paid	(478,330)	(4,167,483)
Net cash flow used in financing activities	(478,330)	(4,167,483)
Net increase/(decrease) in cash and cash equivalents	561,017	(1,198,383)
Cash and cash equivalents at the beginning of the year	1,460,631	2,659,014
Cash and cash equivalents at the end of the year	2,021,648	1,460,631

This Statement should be read in conjunction with the accompanying notes.

Barwon Health Foundation

Notes to the financial statements

For the financial year ended 30 June 2023

Note 1.1: Basis of preparation

The Barwon Health Foundation (the "Foundation") is a trust domiciled in Victoria, Australia. The Foundation is primarily involved in the raising and stewardship of funds required to enhance Barwon Health's ability to achieve better health outcomes by providing funds for the best facilities, medical equipment, education programs and research initiatives, including employing the best people.

These financial statements are a general-purpose financial report which have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board which includes other interpretations and mandatory professional requirements and the Australian Charities and Not-for-Profits Commission Act 2012 (ACNC). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

The Foundation is a not-for-profit entity and therefore applies the additional Aus. paragraphs applicable to "not-for-profit" entities under the AASs.

The financial statements were authorised for issue by the Directors of the Trustee Company on • September 2023.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023. The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian Dollars, the functional and presentation currency of the Foundation.

The financial statements have been prepared in accordance with the historical cost convention, except for investments which are measured at fair value with movements reflected in equity.

Historical cost is based on the fair value of the consideration given in exchange for assets.

Note 1.2: Covid-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Note 1.3: Key accounting estimates and judgements

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The nature of these judgements, estimates and assumptions are disclosed in the relevant notes to the financial statements.

For the purpose of fair value disclosures, the Foundation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Foundation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 1.4: Goods and services tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of 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 ATO is included with other receivables or payables in the Balance sheet.

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 taxation authority, are presented as operating cash flows.

Commitments for expenditure and contingent assets and liabilities are presented on a gross basis.

Note 1.5: Reporting entity

The financial statements include all the controlled activities of the Barwon Health Foundation. Its principal address is:

283 Ryrie Street
Geelong
Victoria 3220

Note 2.1: Revenue and income from transactions

	2023 \$	2022 \$
Income from operating activities		
Bequests	531,154	381,249
Individual donations	235,901	461,774
Corporate donations	121,532	320,031
Community	620,013	695,498
Trusts and Foundations	2,662,091	1,006,555
Fundraising and Sponsorships	796,634	269,464
Total other sources of income and income from operating activities	4,967,325	3,134,571
Income from non-operating activities		
Investment income	641,583	734,960
Profit on financial investment assets	49,356	176,182
Total income from non-operating activities	690,939	911,142
Total revenue and income from transactions	5,658,264	4,045,713

Income recognition

Income is recognised in accordance with either:

- income for not-for-profit entities, in accordance with AASB 1058;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Donations and other operating income

Donations and bequests are recognised as income when the Foundation gains control of the contribution. If donations are for a special purpose, they may be appropriated to a reserve, such as specific restricted purpose reserve.

The Foundation receives volunteer services from members of the community through events and community fundraisers. The Foundation recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated. The Foundation greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Investment income

Investment income includes:

- Dividend revenue. Dividend revenue is recognised when the right to receive payment is established.
- Interest revenue. Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset, which allocates interest over the relevant period.
- Sale of investments. The gain or loss on the sale of investments is recognised when the investment is realised.

Note 3.1: Expenses from transactions

	Note	2023 \$	2022 \$
Salaries and wages		649,531	581,020
On-costs		63,834	51,968
Workcover premium		7,506	5,737
External payroll costs		405,321	418,839
Total employee expenses		1,126,192	1,057,564
Investment fees		47,752	49,484
Total finance costs		47,752	49,484
Other administrative expenses		154,961	183,052
Total other administrative expenses		154,961	183,052
Advertising expenses		28,310	65,360
Event expenses		354,624	41,259
Fundraising expenses		176,990	88,424
Total other operating expenses		559,924	195,043
Total operating expenses		1,888,829	1,485,143
Depreciation	4.2(b)	2,032	1,758
Total depreciation		2,032	1,758
Total non-operating expenses		2,032	1,758
Total expenses from operations		1,890,861	1,486,901

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Expense recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Fundraising expenses

Fundraising expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include salaries & wages (including fringe benefits tax, leave entitlements, termination payments - when applicable) and associated on-costs.

Administrative expenses

Administrative expenses are recognised as they are incurred and reported in the financial year to which they relate. Administrative expenses includes rent paid to Barwon Health.

Note 3.2: Employee benefit provisions

	2023	2022
	\$	\$
Current employee benefits and related on-costs		
Annual leave	(49,678)	(55,905)
Long service leave	(88,779)	(55,789)
Total and current employee benefits and related on-costs	(138,457)	(111,694)

Employee benefit provisions

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Annual leave

Liabilities for annual leave are recognised in the provision for employee benefits as current liabilities as the Foundation does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, liabilities for annual leave are measured at:

- Nominal value - if the Foundation expects to wholly settle within 12 months; or
- Present value - if the Foundation does not expect to wholly settle within 12 months.

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Foundation does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value - if the Foundation expects to wholly settle within 12 months; or
- Present value - if the Foundation does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 4.1: Investments and other financial assets

	Note	2023 \$	2022 \$
Current			
Financial assets at fair value through OCI			
Fixed Interest - Domestic		3,647,091	3,544,813
Equities - Infrastructure/Property		1,059,867	941,494
Equities - Domestic		4,632,012	4,349,112
Equities - International		2,856,580	2,367,752
Total current financial assets	7.1(a)	12,195,550	11,203,171
Total investments and other financial assets	7.1(a)	12,195,550	11,203,171

Investment Policy

Investments are recognised when the Foundation enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

The Foundation classifies its other financial assets between current and non-current assets based on the Board's intention at balance sheet date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current. The Foundation assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Investment assets are classified as fair value through other comprehensive income.

Note 4.2(a): Property, plant and equipment – gross carrying amount and accumulated depreciation

	2023 \$	2022 \$
Land at fair value - Freehold	60,000	-
Buildings at fair value	2,040,000	-
Total land at fair value	2,100,000	-
Furniture and fittings at fair value	13,980	12,054
Less accumulated depreciation	(4,124)	(2,092)
Total furniture and fittings at fair value	9,856	9,962
Total property, plant and equipment	2,109,856	9,962

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 4.2(b): Property, plant and equipment – Reconciliations of the carrying amounts of each class of asset

	Note	Land \$	Buildings \$	Furniture and fittings \$	Total \$
At 1 July 2021		-	-	11,720	11,720
Depreciation	3.1	-	-	(1,758)	(1,758)
Balance at 30 June 2022		-	-	9,962	9,962
Additions		52,981	1,801,360	1,926	1,856,267
Revaluation increments	4.3	7,019	238,640	-	245,659
Depreciation	3.1, 8.1	-	-	(2,032)	(2,032)
Balance at 30 June 2023		60,000	2,040,000	9,856	2,109,856

Property, plant and equipment are tangible items that are used by the Foundation in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed below.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, the Foundation would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of the Foundation's buildings asset was performed by PrestonRowePaterson on 30 June 2023. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction has resulted in an increase of fair value of 13.2% or \$0.2m.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Note 4.3: Revaluation surplus

	Note	2023 \$	2022 \$
Balance at the beginning of the reporting period		-	-
Revaluation increment			
- Land	4.2(b)	7,019	-
- Buildings	4.2(b)	238,640	-
Balance at the end of the reporting period		245,659	-
Represented by:			
- Land		7,019	-
- Buildings		238,640	-
Balance at the end of the reporting period		245,659	-

Note 5.1: Receivables

	Note	2023 \$	2022 \$
Current receivables			
Contractual			
Accrued franking credit refund		239,154	136,213
Accrued investment income		35,525	60,350
Trade receivables		81,455	211,076
Total contractual receivables		356,134	407,639
Statutory			
GST receivable		192,730	5,186
Total statutory receivables		192,730	5,186
Total current receivables		548,864	412,825
<i>Financial assets classified as receivables (note 7.1(a))</i>			
Total receivables		548,864	412,825
GST receivable		(192,730)	(5,186)
Total financial assets classified as receivables	7.1(a)	356,134	407,639

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Receivables Policy

Receivables comprise:

- **Statutory receivables** which includes amounts owing from Goods and Services Tax ("GST") input tax credits recoverable; and
- **Contractual receivables** which includes debtors in relation to Goods and Services and accrued investment income.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off when identified.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any expected credit losses.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result as an 'other economic flow'. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

The Foundation is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about debtor default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Statutory receivables, which predominantly includes amounts owing from the Victorian Government and GST input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Barwon Health Foundation applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Note 5.2: Payables

	Note	2023 \$	2022 \$
Current payables			
Contractual			
Trade creditors		(58,894)	(28,591)
Accrued salaries and wages		(25,894)	(26,023)
Credit cards		(349)	(3,336)
Total contractual payables		(85,137)	(57,950)
Total current payables	7.1(a)	(85,137)	(57,950)

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Payables recognition

Payables comprise:

- **Contractual payables** which consist predominantly of accounts payable representing liabilities for goods and services provided to the Foundation prior to the end of the financial year that are unpaid, and arise when the Foundation becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually 30 days.

Note 5.3: Non-financial physical assets held for sale

	2023 \$	2022 \$
Freehold land	450,000	-
Total non-financial physical assets held for sale	450,000	-

On 14 April 2023, a donation of a block of land, 465 O'Hallorans Road Lara ("the Property"), was received by the Foundation from Lara West Pty Ltd ("Lara West"). The Property is to be paired with a home developer who have, in addition, offered a discounted price for the construction of a home (the "Dwelling") and an opportunity to work with suppliers to achieve further donated product for the home build. Construction costs incurred by the Foundation will be funded through donations and fundraising.

The Foundation intends for the Property and the Dwelling, upon completion, to be auctioned off for charity purposes.

In accordance with the donation deed, dated 21 March 2023, the Foundation's obligations after completion include:

- The commencement of construction of the dwelling within 12 months after the date of the deed. Commencement of construction is considered to be when the footings or slab is poured.
- The completion of construction within 24 months after the date of the deed.

Lara West retains the irrevocable option to repurchase the block of land at its discretion if the above conditions are not met, at a repurchase price of \$400,000 (including GST).

Note 6.1: Cash and cash equivalents

	Note	2023 \$	2022 \$
Cash at bank		2,021,648	1,460,631
Total cash and cash equivalents	7.1(a)	2,021,648	1,460,631

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 7: Risks, contingencies and valuation uncertainties

Key judgements and estimates	Description
<p>Measuring fair value of non-financial assets</p>	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Barwon Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>The Foundation uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Barwon Health's specialised land, non-specialised land and non-specialised buildings are measured using this approach. • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Barwon Health's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Barwon Health does not this use approach to measure fair value. <p>The Foundation selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the Foundation applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Barwon Health does not categorise any fair values within this level. • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Barwon Health categorises non-specialised land and right-of-use land in this level. • Level 3, where inputs are unobservable. Barwon Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 7.1: Financial instruments

(a) Categorisation of financial instruments

	Note	Financial assets at amortised cost \$	Financial assets at fair value through other comprehensive income \$	Financial liabilities at amortised cost \$	Total \$
At 30 June 2023					
Contractual financial assets					
Cash and cash equivalents	6.1	2,021,648	-	-	2,021,648
Receivables and contract assets	5.1	356,134	-	-	356,134
Investments and other financial assets	4.1	-	12,195,550	-	12,195,550
Total financial assetsⁱ		2,377,782	12,195,550	-	14,573,332
Financial liabilities					
Payables	5.2	-	-	(85,137)	(85,137)
Total financial liabilities		-	-	(85,137)	(85,137)

	Note	Financial assets at amortised cost \$	Financial assets at fair value through other comprehensive income \$	Financial liabilities at amortised cost \$	Total \$
At 30 June 2022					
Contractual financial assets					
Cash and cash equivalents	6.1	1,460,631	-	-	1,460,631
Receivables and contract assets	5.1	407,639	-	-	407,639
Investments and other financial assets	4.1	-	11,203,171	-	11,203,171
Total financial assetsⁱ		1,868,270	11,203,171	-	13,071,441
Financial liabilities					
Payables	5.2	-	-	(57,950)	(57,950)
Total financial liabilities		-	-	(57,950)	(57,950)

ⁱ The carrying amount excludes statutory receivables (i.e. GST receivable).

(b) Financial instrument accounting policies

Financial instruments arise out of the contractual agreements that give rise to financial assets, financial liabilities or equity instruments of the Foundation. Due to the nature of the Foundation's activities, certain financial assets and financial liabilities, such as taxes, arise under statute rather than a contract and therefore do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. The following refers to financial instruments unless otherwise stated.

The Foundation applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Categories of financial assets and liabilities

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 Barwon Health Foundation to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Financial Liabilities at Amortised Cost

Financial instrument liabilities include all of the Foundation's contractual payables and deposits held and advances received. 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 in the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include all of the Foundation's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income 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 Foundation to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments is made up of the disposals of financial assets.

(c) Impairment of financial assets

The Foundation has assessed the allowance for expected credit loss for the relevant financial instruments (deemed to be nil expected credit losses, based on nil history of write-offs). The impairment assessment includes the Barwon Health Foundation's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The Foundation applies the simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Foundation has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

(d) Payables maturity analysis

Liquidity risk is the risk that the Foundation would be unable to meet its financial obligations as and when they fall due. The Foundation operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The following table discloses the contractual maturity analysis for the Foundation's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

	Carrying amount \$	Nominal amount \$	Less than 1 month \$	1-3 months \$	3 months-1 year \$	Total \$
At 30 June 2023						
Financial liabilities at amortised cost						
Payables	(85,137)	(85,137)	(71,627)	(12,316)	(1,194)	(85,137)
Total financial liabilities	(85,137)	(85,137)	(85,137)	(85,137)	(1,194)	(85,137)

	Carrying amount \$	Nominal amount \$	Less than 1 month \$	1-3 months \$	3 months-1 year \$	Total \$
At 30 June 2022						
Financial liabilities						
Payables	(57,950)	(57,950)	(57,950)	-	-	(57,950)
Total financial liabilities	(57,950)	(57,950)	(57,950)	-	-	(57,950)

Note 7.2: Fair value determination

Fair value is 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.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Foundation determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

	Note	Consolidated carrying amount \$	Fair value measurement at the end of the reporting period using:		
			Level 1 \$	Level 2 \$	Level 3 \$
At 30 June 2023					
Investments and other financial assets	4.1	12,195,550	8,548,459	3,647,091	-
Total financial assets held at fair value through other comprehensive income	4.1	12,195,550	8,548,459	3,647,091	-

	Note	Consolidated carrying amount \$	Fair value measurement at the end of the reporting period using:		
			Level 1 \$	Level 2 \$	Level 3 \$
At 30 June 2022					
Investments and other financial assets	4.1	11,203,171	7,658,357	3,544,813	-
Total financial assets held at fair value through other comprehensive income	4.1	11,203,171	7,658,357	3,544,813	-

How we measure fair value of investments and other financial assets

Fixed bonds and floating rate securities

In the absence of an active market, the fair value of Barwon Health Foundation's fixed bond and floating rate securities are valued using observable inputs, such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms.

The Foundation classifies these debt securities as Level 2.

Equities

Equities are valued at fair value with reference to a quoted (unadjusted) market price from an active market.

The Foundation classifies these instruments as Level 1.

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 8.1: Reconciliation of net result for the year to net cash flows from operating activities

	Note	2023 \$	2022 \$(Restated)
Net result for the year		3,767,403	2,558,812
Non-cash movements			
Investment income		(110,214)	(213,658)
Profit on sale of investments		(49,356)	(175,710)
Depreciation	4.2(b)	2,032	1,758
Donation of non financial physical assets held for sale	5.3	(450,000)	-
Movements in assets and liabilities			
Increase in receivables		(136,039)	(155,051)
Decrease/(Increase) in prepayments and other assets		5,174	(6,143)
Increase/(Decrease) in trade creditors		30,303	(18,628)
Increase in employee benefit provisions		26,763	20,079
(Decrease)/Increase in other payables		(3,116)	1,911
Net cash flow from operating activities		3,082,950	2,013,370

Note 8.2: Responsible persons disclosures

The following disclosures are made regarding responsible persons for the reporting period. The Trustee of the Foundation is Barwon Health Foundation Limited. The board members and their deputies of the Trustee during the financial year were:

Governing Board member	Period
Geoffrey Neville Daniel Simmonds	1 July 2022 to 30 June 2023
John Alexander Miles	1 July 2022 to 30 June 2023
Raymond George Frost	1 July 2022 to 30 June 2023
Theresa Best	1 July 2022 to 30 June 2023
Peter Julian Serra	1 July 2022 to 30 June 2023
Kylie Louise Steel	1 July 2022 to 30 June 2023
Rory John Costelloe	1 July 2022 to 30 June 2023
Kenneth James Harrison	1 July 2022 to 30 June 2023
Donald Blair Robertson	1 July 2022 to 30 June 2023
Roxanne Elizabeth Bennett	1 July 2022 to 30 June 2023
Claire Amies	1 July 2022 to 30 June 2023
Virginia Todd	1 July 2022 to 28 October 2022
Michael John Feehan	1 July 2022 to 28 October 2022
Robert Costa	1 July 2022 to 28 October 2022
Accountable officer	
Zoe Eileen Waters, Executive Director	1 July 2022 to 30 June 2023

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Remuneration of responsible persons

The number of Responsible Persons are shown in their relevant income bands:

	2023	2022
	\$	\$
\$Nil	14	13
\$220,000 to \$229,999	1	1
Total	15	14
Total remuneration received or due and receivable by Responsible Persons from the Foundation amounted to:	221,000	220,000

Amounts relating to the Governing Board members and Accountable officer of Barwon Health's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual Report.

Note 8.3: Remuneration of executive

Executive officers' remuneration

There were no Governing Board members who received remuneration during the reporting period. There are no other executive officers other than the Executive Director Zoe Waters.

Note 8.4: Related party transactions

Barwon Health

Clare Amies is a director of Barwon Health and a director of Barwon Health Foundation.

The transactions between the two entities relate to reimbursements made by the Foundation to Barwon Health for goods and services and the transfer of funds by way of distributions made to the health service. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2023	2022
	\$	\$
Distributions/grants paid to Barwon Health	478,330	2,207,213
Donations received from Barwon Health	731,612	503,107
Services provided by Barwon Health	412,976	472,326
Intercompany receivable with Barwon Health	462	12,903

Other related party transactions

Donations received by the Foundation from its responsible persons or their related parties is \$32,350 (2022: \$700,253).

Remuneration of key management personnel

	2023	2022
	\$	\$
Short term benefits	199,999	199,999
Post-employment benefits	20,100	20,000
Total remuneration	220,099	219,999
Total number of executives	1	1
Total annualised employee equivalent	1	1

Barwon Health Foundation

Notes to the financial statements (continued)

For the financial year ended 30 June 2023

Note 8.5: Remuneration of auditors

	2023	2022
	\$	\$
Victorian Auditor General's Office		
Audit of financial statements	8,280	8,070

Audit fee paid by controlling entity Barwon Health.

Note 8.6: Events after the reporting date

There were no material events occurring after the balance sheet date.