

# Digital Health CRC Limited

ACN 626 094 111

## FINANCIAL REPORT

FOR THE YEAR ENDED

**30 JUNE 2022**

### CONTENTS

Directors' Report
Statement of Profit or Loss and Other Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements
Directors' Declaration
Independent Auditor's Report

## **Directors' Report**

The Directors present this report of Digital Health CRC Limited ("Digital Health CRC" or the "Company") for the financial year ended 30 June 2022

### **Director Details - Current**

The following persons are currently Directors of Digital Health CRC Limited:

#### **Dr Neale Fong**

*Appointed 28 November 2019*

*Qualifications MBBS DipCS MTS MBA FSCSM(Hon) FAIM FAICD*

*Non-Independent*

Dr Neale Fong has more than 35 years' experience in medical, health care and aged care leadership roles.

He is currently the Chief Executive Officer of Bethesda Hospital, Chair of the WA Country Health Service Board, President of the Australasian College of Health Service Management and a Non-Executive Director at the Digital Health CRC.

He was formerly Project Director for the establishment of the Curtin Medical School, the Director General of the WA Department of Health and Chief Executive Officer of St John of God Hospital Subiaco.

He currently consults widely through Australis Health Advisory to a number of key health clients in Australia. He holds Bachelor Degrees in Medicine and Surgery, a Masters in Theological Studies and a Masters in Business Administration.

#### **Dr Steve Hambleton**

*Appointed 11 May 2018*

*Member, Nominations & Remuneration Committee*

*Qualifications MBBS FAMA FRACGP(hon) FAICD*

*Independent*

Dr Steve Hambleton is a General Practitioner in Brisbane and former State and Federal President of the Australian Medical Association.

Steve is the Chief Clinical Adviser to the Australian Digital Health Agency having served as the final Chairman of the National e-Health Transition Authority (NeHTA).

In addition to the Digital Health CRC, he serves on the Boards of Avant Mutual Group Limited and Mercy Community Services.

In October 2019 he became co-chair of the Primary Health Reform Steering Group to set a vision and path to guide future primary health care reform for the next 10 years, as part of the Government's Long Term National Health Plan.

**Paul McBride**

*Appointed 28 November 2019*

*Member, Audit, Risk, Privacy & Finance Committee (from 5 December 2019)*

*Qualifications BComm; MTaxLaw*

*Non-Independent*

Paul is First Assistant Secretary in the Commonwealth Department of Health. He has spent more than a decade in senior policy and advisory roles, with a primary focus on Taxation, Superannuation, Housing, Welfare Payments and most recently Health.

Since joining Health in October 2018, Paul worked to develop a whole of health system understanding of how incentives, structures and funding from governments and health care providers drive patient level outcomes. He also had responsibility for data modelling and analytics functions and, as part of that, responsibility for the Digital Health CRC. Current responsibilities include the Medical Benefits schedule (including telehealth and pathology) and Private Health Insurance.

Paul's previous board roles include Housing Supply Council, Australian Institute of Health and Welfare (AIHW) and the Australian Housing and Urban Research Institute (AHURI). His previous senior governance roles include: DSS Audit committee deputy chair and deputy chair of Department of Social Services Research Ethics Committee.

**Dr Sanjay Mazumdar**

*Appointed 20 October 2021*

*Member, Research and Education Committee (from 20 October 2021)*

*Qualifications BE (Hons); PhD (Engineering); MAICD*

*Independent*

Sanjay has 30 years of experience in ICT across a broad range of sectors.

Sanjay was KPMG Australia's inaugural Chief Data Officer applying his data and AI expertise to KPMG's clients.

Prior to joining KPMG, Sanjay was the CEO of the Data to Decisions Cooperative Research Centre (D2D CRC Ltd) and founding Board Director of the D2D CRC's spinout companies - Fivecast and NQRY.

Sanjay has extensive experience in general management, engineering management, business development and project management. He combines this management experience with a strong understanding of AI/machine learning, data analytics and cybersecurity.

As a result of his leadership in AI and data science, Sanjay was listed in The Australian newspaper's Knowledge Nation 100 as a "Big Data Pioneer".

**Jenny Morawska**

*Appointed 8 February 2022*

*Member, Research and Education Committee (from 8 February 2022)*

*Qualifications MBA; MSc; BA(Sciences); GAICD*

*Independent*

Jenny is a highly experienced Senior Executive. She has worked across multiple industries including finance, medical, technology, health, and education.

Her commercial acumen and successful business career have been underpinned by her training as a research scientist and her further career as a banker. Jenny was one of the four most senior women in Federal Government.

She is also a pragmatic commercial businesswoman, who for the last 15 years has worked on the global stage. She has a deep understanding of emergent technologies and sustainability, and practical experience in driving new revenues and customer engagement within a range of industries.

**Kate Munnings**

*Appointed 28 November 2019*

*Board Chair 7 February 2022*

*Chair, Audit, Risk, Privacy and Finance Committee Qualifications LLB;*

*BHlthSc(Nursing)*

*Independent*

Kate is the CEO of Virtus Health, with a strong track record of leading teams that deliver exceptional services and drive commercial improvement; and in transforming businesses in preparation for changing operating environments.

A qualified lawyer and registered nurse, Kate's breadth of professional experience equips her to lead the Virtus Health team in continuing to provide their exceptional work, which helps people become parents.

Prior to joining Virtus Health, Kate led significant operations as Chief Operating Officer of Ramsay Health Care Limited's Australian business; and as Chief Executive, Operations at ASX-listed Transfield Services Limited (now Broadspectrum Limited). Kate previously served on the Board of South East Sydney Local Health District.

Kate has also been a partner at law firms Corrs Chambers Westgarth and Baker McKenzie; specialising in contract law and also spent eight years as Chief Risk & Legal Officer/Company Secretary at Transfield Services.

**Dr Megan Robertson**

*Appointed 28 November 2019*

*Deputy Board Chair 7 February 2022*

*Chair, Research & Education Committee (from 27 August 2020)*

*Qualifications MBBS FRACP FANZCA FCICM*

*Independent*

Megan Robertson is an alumna of the University of Melbourne where she completed a Bachelor of Medicine, Bachelor of Surgery (MBBS).

She is the current Group Chief Research Officer at St Vincent's Health Australia and Director of Research at St Vincent's Hospital, Melbourne.

She is on the boards of the Opyl AI, St Vincent's Institute of Medical Research, FearLess (PTSD-ANZ), and Queen's College (University of Melbourne), and the Tuckwell Scholarship Selection Panel at the Australian National University.

Previously, she held positions as the Director of Professional Affairs at College of Intensive Care Medicine, as the Executive Director of Research at Epworth HealthCare, and as the Co-Director of the

Intensive Care Unit at Epworth Freemasons.

Megan also works with national bodies including the Australian Commission on Safety and Quality in Healthcare, AusBiotech, and the National Health and Medical Research Council.

## **Directors Details - Resigned**

### **Michael Walsh**

*Appointed 28 November 2019*

*Board Chair (from 5 December 2019)*

*Chair, Nominations & Remuneration Committee (from 5 December 2019)*

*Resigned 7 February 2022*

*Qualifications: MBA; BA(Hons); BSc; BEd; Dip Ed*

*Independent*

Michael currently provides strategic advisory services to large organisations with a focus on leadership, digital health, governance, strategy, planning and transformation.

Over the past 20 years, Michael has held senior executive positions in New South Wales and Queensland, working as Director-General of Queensland Health as well as Chief Executive roles for HealthShare NSW and eHealth NSW. Michael has also worked in the private sector including as a principal with PwC.

Michael was chair of the Australian Health Ministers Advisory Council (AHMAC) from 2016 to 2019 has held Board positions with the Australian Digital Health Agency and Brisbane Diamantina Health Partners.

Michael holds a Master of Business Administration, Bachelor of Arts (Hons) in psychology, Bachelor of Science in human movement and Bachelor of Education.

Michael has a passion for organisational excellence and leading value-based teams achieving outcomes that improve the lives of all Australians.

### **Professor Deborah Sweeney**

*Appointed 18 June 2020*

*Member, Research & Education Committee (from 27 August 2020)*

*Member, Nomination & Remuneration Committee (from 20 October 2021)*

*Resigned 8 March 2022*

*Qualifications: BOptom; PhD; GAICD*

*Non-Independent*

Professor Deborah Sweeney is the Deputy Vice-Chancellor Research, Enterprise and International at Western Sydney University with more than 20 years' experience in research and research management, including Chief Executive Officer of Vision CRC.

Deborah has a Bachelor of Optometry and PhD from the University of New South Wales, with her major research area being corneal physiology. Deborah has been instrumental in developing an understanding of the physiology of the human cornea and the effects of contact lens wear and refractive surgery on corneal function characteristics and the development of alternative forms of vision correction.

She has received both national and international award recognition for her research in this area, published over 100 refereed articles and several book chapters, and is co-inventor on two patents.

Deborah is a Graduate Member of the Australian Institute of Company Directors.

**Dr Priscilla Rogers**

*Appointed 28 November 2019*

*Member, Nominations & Remuneration Committee*

*Member, Research & Education Committee*

*Resigned 7 February 2022*

*BEng; PhD (Eng)*

*Independent*

As an engineer and an entrepreneur, Priscilla believes technology innovation can transform industries and improve lives. She has spent her career in the research, development and translation of new technologies including medical devices, AI and digital health solutions, pharmaceuticals, and more recently, automotive products.

Today, Priscilla is a co-founder of Doftek, which is commercialising the world's first active wheel alignment systems. She is also a Director of the Digital Health Cooperative Research Centre and the Australian Dementia Network Limited.

Prior to this, Priscilla was leading the Cognitive Health & Life Sciences portfolio at IBM Research - Australia, and was a co-founder of a medical device company, which was acquired in 2017.

Priscilla's passion for technology innovation began when she undertook a PhD in Engineering at Monash University, specialising in micro/nano-technology.

## **Chief Executive Officers**

### **Annette Schmiede (Appointed Acting CEO 6 March – 30 April 2022, CEO from 1 May 2022)**

Annette was appointed to the CEO role, having been a Senior Adviser to the DHCRC since its establishment in 2018.

She is a well-respected leader within Australia's health and aged care sector, having held leadership and governance roles that include public and private healthcare, industry, universities and research entities.

She has recently retired from her role as Executive Leader of the Bupa Health Foundation and completed her term as Deputy Chair of the Northern Sydney Local Health District after 10 years.

She is currently Chair of Research Australia and a Senate member of the Australian Catholic University. Her research interests include aged care, mental health and health system reform. Annette is an economics graduate and Adjunct Associate Professor in the Faculty of Medicine and Health University of Sydney.

### **Terry Sweeney (Resigned 1 April 2022 )**

Terry is a digital health executive with experience gained at large multinational technology organisations.

## **Company Secretaries**

### **Rob Hamper (Appointed 20 October 2021)**

Rob is a proficient and passionate technology lawyer with 14 years post qualification experience, strong technical expertise and industry experience gained at leading technology companies including Data61/CSIRO, NICTA, Dell, HP, MedicalDirector, Rozetta and ParaFlare in technical, commercial and legal roles. Rob has acted as Company Secretary for a number of technology and research organisations.

Rob holds undergraduate degrees in business and law and master's degrees in IP and cybersecurity and is a Graduate of the Australian Institute of Company Directors.

### **Erin Munday (resigned 27 October 2021)**

Ms Munday joined the Company in November 2020 as Company Secretary.

Ms Munday is an experienced company secretary and has worked in the private sector for publicly listed, private and international companies with large corporate groups and spanning several industries including infrastructure services, transport and energy.

Ms Munday is a graduate member of the Governance Institute of Australia and has extensive corporate governance and statutory compliance knowledge and organisation skills to support the Board and its committees.

## Principal Activities

The following is a list of the principal activities undertaken by the Company during FY22:

1. Signed new and innovative R&D project agreements, taking our committed R&D project expenditure to \$29.3 million.
2. Won a significant competitive tender contract with Austrade and completed a digital health strategy and research to promote the digital economy for Australia.
3. Refined the Digital Health CRC core themes to reflect feedback from our Participants and to increase industry relevance. Rebranded the Digital Health CRC to support this.
4. Launched a new 'ideas to action' agile process, significantly reducing the time it takes to move from a project proposal to project execution.
5. Launched a first of its kind national consumer survey to garner perceptions on virtual care and digital health technologies.
6. Advertised fully funded scholarships for RMIT Online's Graduate Certificate in Digital Health, the first two recipients which have now been awarded.
7. Worked collaboratively with Participants to announce new research projects, including an evaluation of a digital tool to report on quality of life in aged care and a project trialling electronic dashboards in Victoria to improve patient safety and hospital accreditation.
8. Improved online presence for Digital Health CRC, with social media engagement growing extensively.
9. Commenced C-level roundtables including the Australian Digital Health Agency, Australasia Institute for Digital Health and CSIRO.
10. Appointed Dr Clare Morgan as Research Director to drive the ideation, planning and execution of DHCRC research projects.

## Objectives

Digital Health CRC's research strategy is built around four inter-linked Research Themes. These are:

1. Enabling Information Discovery;
2. Intelligent Decision Support;
3. Changing Health Trajectories; and
4. Transparency of Data to Improve Practice.

Supporting these themes, the objectives of the Company are to:

- improve healthcare efficiency and value through customised solutions that create and facilitate the implementation of actionable information;
- improved health and wellbeing through harnessing personalised data and creating integrated applications to support positive behaviour and new models of care;
- create a lasting environment in which fruitful models of collaboration can be established across jurisdictions and industries;
- capacity building and improved digital literacy driven by the proposed education, training and technology development programs; and
- increased global participation of Australian health and medical technology solutions and services organisations.



## Strategy for Achieving Objectives

The following broad strategy is being implemented by the Company to drive the achievement of its objectives:

- 1) Establish strong programs around:
  - a) research and development projects;
  - b) education and capacity building; and
  - c) commercialisation and translation.

Each of these programs are underpinned by driving a strong culture of collaboration between Digital Health CRC participants and the wider health ecosystem;
- 2) Within the Company's program of research and development projects:
  - a) establish industry-led areas of investment (derive a Research Matrix and associated Flagships);
  - b) focus on the following areas, Rural and Remote Health, Aged Care and Virtual Care – Telehealth;
  - c) develop an accompanying framework and funding guidelines to drive decision-making around investments in these areas; and
  - d) build a project pipeline to collaboratively drive the development and implementation of projects;
- 3) Within the Company's program of education and capacity building:
  - a) establish an industry based postgraduate education program for students and post-doctoral fellows that provides opportunities for extensive training in digital health and industry readiness;
  - b) develop initiatives to build the capacity of both the current and future workforce in digital health with particular focus on the Digital Health CRC participant ecosystem; and
  - c) work cooperatively with organisations and initiatives within the health ecosystem who share similar capacity building aims to define a small number of deep niches for Digital Health CRC investment, trialing, and implementation; and
- 4) Within the Company's program of commercialisation and translation:
  - a) Every research project plan will include a commercialisation plan, including a go-to-market strategy, that demonstrates how the project will create commercial impact;
  - b) Commercial impact of a project will be measured in the following five ways:
    - i) developing a novel asset and producing quantitative evidence of this asset rendering a system which it is deployed into more efficient (i.e. cost savings for providers and/or users);
    - ii) developing a novel asset and producing quantitative evidence of this asset yielding an increased revenue stream for the provider through opening new markets and/or increased usage in existing markets;
    - iii) creating evidence that an existing asset is adding value in a market and quantitative demonstration of this evidence leading to new or increased revenue streams for the provider (i.e. by opening new markets and/or scaling up user base);
    - iv) generating IP and resulting income streams through licensing and/or royalty fees; and
    - v) generating policy and regulatory changes in an ecosystem and producing quantitative evidence that these changes yield new or increased revenue streams or savings for stakeholders.

## Directors' Meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during FY22 and the number of meetings attended by each Director, is as follows:

Board / Committee	Director	Appointment / Resignation Date	No. Meetings Held	No. Meetings Attended / Eligible
<b>Board</b>	M Walsh	Appointed 28 Nov 2019 Resigned 7 Feb 2022	10	6/6
	N Fong	Appointed 28 Nov 2019		10/10
	S Hambleton	Reappointed 18 Jun 2020		10/10
	P McBride	Appointed 28 Nov 2019		10/10
	S Mazumdar	Appointed 20 Oct 2022		6/7
	J Morawska	Appointed 8 Feb 2022		4/5
	K Munnings	Appointed 28 Nov 2019		9/10
	M Robertson	Appointed 28 Nov 2019		10/10
	P Rogers	Appointed 28 Nov 2019 Resigned 7 Feb 2022		6/6
	D Sweeney	Appointed 18 June 2020 Resigned 8 Mar 2022		5/8
<b>Audit, Risk, Privacy &amp; Finance Committee</b>	K Munnings	Appointed 3 June 2020	2	2/2
	P McBride	Appointed 3 June 2020		2/2
<b>Nominations &amp; Remuneration Committee</b>	M Walsh	Appointed 13 Dec 2019 Resigned 7 Feb 2022	3	3/3
	S Hambleton	Appointed 18 Jul 2018		3/3
	P Rogers	Appointed 13 Dec 2019 Resigned 20 Oct 2021		2/2
	D Sweeney	Appointed 20 Oct 2021 Resigned 8 Mar 2022		1/1
<b>Research &amp; Education Committee</b>	M Robertson	Appointed 19 Mar 2020	7	7/7
	S Mazumdar	Appointed 20 Oct 2021		3/3
	J Morawska	Appointed 8 Feb 2022		1/1
	D Sweeney	Appointed 12 Nov 2020 Resigned 8 Mar 2022		5/5

## Financial Result

The Company generated a surplus of \$9,541,308 for the year ended 30 June 2022 (2021: \$3,056,788).

## Contribution in Winding Up

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2022 the total amount that members of the Company are liable to contribute if the Company wound up is \$2,100.

## COVID-19

Since the COVID-19 pandemic has impacted Australia, the business operations of the Company have continued. With our cloud based systems, staff have been able to work remotely, with little impact. With the easing of the various State Government issued stay at home orders, staff have commenced to return to our offices, on a part-time basis.

The major impact to the CRC, has related to our research projects, where delays occurred in the conversion of opportunities to projects and the progress of projects in-delivery. These delays arose from a reduction in the number of Higher Degree Researchers and access to clinicians due to the stretched resources within the health system.

The impact on the current year financial statements has been a material delay in research expenditure, with the cash balance significantly higher than budgeted.


The Board and Executive are working to improve this position and ensure that the CRC meets its objectives.

## Indemnification of Directors and Officers

During the financial year, the Company paid a premium to insure the directors and secretary of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Company has not otherwise indemnified any person who is or has been an officer or auditor of the Company.

Signed in accordance with a resolution of the Directors.

DocuSigned by:  
  
77680CC19CE245E...

Ms Kate Munnings  
Chair, Digital Health CRC Limited  
Chair, Audit, Risk, Privacy & Finance Committee  
26 October 2022

DocuSigned by:  
  
ADEF107936FF48C...

Dr Megan Robertson  
Deputy Chair, Digital Health CRC Limited  
Chair, Research & Education Committee  
26 October 2022

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Revenue	2(a)	34,396,299	24,682,649
Other income	2(a)	95,914	104,979
		<u>34,492,213</u>	<u>24,787,628</u>
Research and development expense - in-kind		13,562,114	9,481,350
Research and development expense - cash		6,866,922	8,509,203
Administrative expenses:			
Employee benefits expense		2,947,220	2,052,099
Consulting, legal and professional fees		991,684	1,282,285
Occupancy expenses		48,814	44,486
Depreciation expense		7,739	10,530
Other expenses		526,412	350,887
Total expenses		<u>24,950,905</u>	<u>21,730,840</u>
Net profit from ordinary activities for the year		<u>9,541,308</u>	<u>3,056,788</u>
Retained earnings at the beginning of the year		12,259,109	9,202,321
Retained earnings at the end of the year		<u><u>21,800,417</u></u>	<u><u>12,259,109</u></u>

The accompanying notes form part of these financial statements.

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash at bank		23,785,465	14,055,381
Trade and other receivables	3	451,267	602,729
Prepayments and security deposits		18,764	5,920
<b>TOTAL CURRENT ASSETS</b>		<u>24,255,496</u>	<u>14,664,030</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		7,598	12,313
<b>TOTAL NON CURRENT ASSETS</b>		<u>7,598</u>	<u>12,313</u>
<b>TOTAL ASSETS</b>		<u>24,263,094</u>	<u>14,676,343</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	2,285,903	2,244,077
Contract liabilities - unexpended project funding		66,779	112,730
Employee benefits - annual leave		109,995	60,427
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,462,677</u>	<u>2,417,234</u>
<b>TOTAL LIABILITIES</b>		<u>2,462,677</u>	<u>2,417,234</u>
<b>NET ASSETS</b>		<u>21,800,417</u>	<u>12,259,109</u>
<b>EQUITY</b>			
Retained earnings		21,800,417	12,259,109
<b>TOTAL EQUITY</b>		<u>21,800,417</u>	<u>12,259,109</u>

The accompanying notes form part of these financial statements.

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>OPERATING ACTIVITIES</b>			
Receipts from the Commonwealth (incl GST)		15,316,814	8,134,500
Receipts from Participants (incl GST)		7,692,102	8,997,286
Interest and other income received		72,062	375,492
Payments to suppliers and employees		(13,346,462)	(13,153,496)
Net cash generated	7	<u>9,734,516</u>	<u>4,353,782</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from term deposits		-	40,162
Proceeds from disposal of plant and equipment		200	-
Payments for property, plant and equipment		(4,632)	(6,723)
Net cash generated		<u>(4,432)</u>	<u>33,439</u>
Net movement in cash and cash equivalents		9,730,084	4,387,221
Cash and cash equivalents at beginning of year		14,055,381	9,668,160
Cash and cash equivalents at end of year		<u><u>23,785,465</u></u>	<u><u>14,055,381</u></u>

The accompanying notes form part of these financial statements.

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1: Statement of Significant Accounting Policies

##### Reporting Entity

Digital Health CRC Limited (the Company) is a company limited by guarantee, incorporated and domiciled in Australia. It's registered office and principal place of business is Suite 7.07, 3 Spring Street, Sydney NSW 2000. The company is incorporated in Australia under the *Corporations Act 2001* and is a registered charity under the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements and notes represent those of Digital Health CRC Limited (the Company) and the entity it controls, Digital Health Innovation Ventures Pty Limited (HIVE) (collectively referred to as the Group). HIVE was incorporated under the *Corporations Act 2001* as a proprietary limited company on 5 November 2021 as a wholly owned subsidiary of the Company. HIVE did not operate during the financial year.

##### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures and the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report of the Company was authorised for issue on the date of signing of the attached Directors' Declaration by the directors.

##### Accounting Policies

The financial statements are prepared under Accounting Standard AASB 1060 *Simplified Disclosures for For-Profit and Not for-Profit Tier 2 entities for the first time*. The reporting entity previously prepared general purpose financial statements under Tier 2 – Reduced Disclosure Requirements. The changes made on the implementation of AASB 1060 included the adoption of a Statement of Income and Retained Earnings format (representing a combination of the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity) and several minor disclosure changes on the adoption of this standard.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

##### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1: Statement of Significant Accounting Policies (continued)

##### (b) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Throughout the current financial year, the leasing arrangements of the Company were all for lease terms of less than 12 months and therefore no leasing assets or liabilities are required to be recognised.

##### (c) Financial Instruments

###### Initial recognition and measurement

Financial instruments are initially measured at fair value plus transaction costs except for receivables which are initially recognised at transaction price. Subsequent to initial recognition these instruments are measured as set out below.

###### Classification and subsequent measurement

###### *Financial assets:*

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

Cash and receivables are measured at amortised cost. By default, all other financial assets that do not meet the conditions of amortised cost or the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

###### *Financial liabilities:*

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method.

###### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets that are remeasured at amortised cost or fair value through other comprehensive income. Details of expected credit losses applicable to trade receivables is provided in Note 3. Expected credit losses are the probability-weighted estimate of the credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument. The Company used the general approach to impairment as applicable under AASB 9 *Financial Instruments*.

###### *General approach:*

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Company measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.



## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1: Statement of Significant Accounting Policies (continued)

##### (c) Financial Instruments (continued)

###### *Recognition of expected credit losses in financial statements:*

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the Consolidated Statement of Income and Retained Earnings. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

##### (d) Impairment of Assets

At each reporting date, the Company's directors review the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. As a not-for-profit entity, value in use, according to AASB 136 *Impairment of Assets*, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is recognised as impairment expense in the Consolidated Statement of Income and Retained Earnings.

##### (e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

<u>Class of Asset:</u>	<u>Useful Life:</u>
Computer Equipment	3 years
Office Equipment	3 years

##### (f) Revenue Recognition

###### Government grants

The Company receives grants from federal and state governments.

Where performance obligations for the grant are not sufficiently specific, the Company recognises revenue when it gains control of (or has the right to receive) the asset (cash), within the scope of AASB 1058 *Income for Not-for-Profit Entities*.

Where a grant is subject to specific performance obligations and conditions that must be satisfied by the Company, revenue is recognised in the period in which contract costs are incurred for which the government funding is intended to compensate provided all attaching conditions have been complied with and the performance obligations under the contract have been met (within the scope of AASB 15 *Revenue from Contracts with Customers*). Revenue received where the cost to which it relates has not yet been incurred is deferred by recognition of a contract liability in the Consolidated Statement of Financial Position.

###### Cash contributions received from Participants

Income arising from cash contributions received from participants is recognised when the Company is in control of or has the right to receive the contributions, within the scope of AASB 1058 *Income for Not-for-Profit Entities*.

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1: Statement of Significant Accounting Policies (continued)

##### (f) Revenue Recognition (continued)

###### In-kind contributions received from Participants

In-kind contributions from Participants are brought to account as revenue and expenditure incurred, within the scope of AASB 1058 *Income for Not-for-Profit Entities*.

These in-kind contributions are measured at fair value based on the dollar value provided by each Participant in their reporting to the Company consistent with the valuation principles agreed under the terms of the Commonwealth Agreement.

###### Interest Revenue

Interest revenue (within the scope of AASB 9 *Financial Instruments*) is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

##### (g) Employee benefits

###### Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries and personal, annual or long service leave expected to be taken within the next 12 months after balance date. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Consolidated Statement of Financial Position.

###### Other long-term employee benefits

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits where they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligations is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its Consolidated Statement of Financial Position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Given the operating period of the company aligns to the CRC Commonwealth Agreement, employees will not accrue sufficient eligible service to be entitled to long service leave.

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022****Note 1: Statement of Significant Accounting Policies (continued)****(g) Employee benefits (continued)**Retirement benefit obligations*Defined contribution superannuation benefits*

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (10% of the employee's average ordinary salary in the year to 30 June 2022) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contributions entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Consolidated Statement of Financial Position.

**(h) Goods and services tax (GST)**

All revenue and expenses are stated net of the amount of goods and services tax, except where the amount of goods and services tax incurred is not recoverable from the Australian Taxation Office. In these circumstances the goods and services tax 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 Consolidated Statement of Financial Position are shown inclusive of goods and services tax.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the Australian Taxation Office, is disclosed as operating activities.

**(i) Income Tax**

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(j) Critical accounting estimates and judgements**

The Company evaluates estimates and judgements incorporated into the financial report 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 Company.

***Key estimates - Impairment***

The Company assesses the impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Should an impairment exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates.

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1: Statement of Significant Accounting Policies (continued)

##### (j) Critical accounting estimates and judgements (continued)

###### **Key estimates - Determining whether a grant contains enforceable and sufficiently specific performance obligations**

The interaction between AASB 15 and AASB 1058 require management to assess whether the government grants and participant contributions received need to be accounted for under AASB 15 or AASB 1058.

Key to this assessment is whether the government grants and participant contributions contain:

- a contract with a customer that creates 'enforceable' rights and obligations, and
- the contract includes 'sufficiently specific' performance obligations.

Critical judgement was applied by management in assessing whether a promise is 'sufficiently specific', taking into account all facts and circumstances and any conditions specified in the arrangement (whether explicit or implicit) regarding the promised goods or services, including conditions regarding:

- the nature or type of the goods or services,
- the cost or value of the goods or services,
- the quantity of the goods or services, and
- the period over which the goods or services must be transferred.

###### **Key estimates - In-kind contributions**

There is an element of estimation and judgement to the value of in-kind contributions.

Staff contributions are valued in accordance with the Commonwealth Agreement as detailed in note 1(f).

The actual time (which affects total value) recorded on project work requires a certain level of estimate and judgement by project leaders. In applying that judgement, consideration is given to project budgets and agreements, as set out by the Company and agreed by Participants and periodic project reporting.

The capital and equipment rates and useful lives used for in-kind contributions are based on estimations and provided by Participants and agreed by the Company. Valuations are generally based on estimates of the percentage utilisation of capital and equipment depreciation directly related to project output.

The Company believes that the estimates and assumptions in relation to in-kind contributions result in recognition of amounts that represent the fair value of contributions received.

###### **Key judgements - Employee benefits**

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render the related service. The Company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1: Statement of Significant Accounting Policies (continued)

##### **(k) Foreign currency transactions and balances**

###### ***Transaction and balances***

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Income and Retained Earnings, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in net profit or loss.

##### **(l) Comparatives**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

##### **(m) Basis of Consolidation**

The financial statements of the Group incorporate the financial statements of the Company and the controlled entity, HIVE.

Control is achieved when the Company:

- has the power over the related entity;
- is exposed, or has rights, to variable returns from its involvement with the related entity; and
- has the ability to use its power to affect its returns.

Income and expenses of HIVE are accounted for during the year and are included in the Consolidated Statement of Income and Retained Earnings from the date of incorporation. All transactions and balances between the Company and HIVE are eliminated on consolidation and hence the financial position, performance and related disclosures of the parent entity are the same as that of the consolidated financial statements. Amounts reported in the financial statements of HIVE have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	\$	\$
<b>Note 2: Revenue and other income</b>		
Participants' cash contributions	6,909,809	7,600,145
Participants' in-kind contributions - staff	7,674,888	6,283,877
Participants' in-kind contributions - other non-staff	5,887,226	3,197,473
Government grants	13,924,376	7,522,273
Consultancy income	-	78,881
Total revenue	<u>34,396,299</u>	<u>24,682,649</u>

Other income

Interest income	66,521	35,773
Recharged expenses	29,393	69,206
Total other income	<u>95,914</u>	<u>104,979</u>

**(b) Revenue from contracts with customers**

Government grants above included the following revenue from contracts with customers under AASB 15:

Recognised at a point in time

    Consultancy income

-	78,881
---	--------

Recognised over time

    Government grants

-	127,272
---	---------

<u>-</u>	<u>206,153</u>
----------	----------------

**Note 3: Trade and other receivables**

Receivables:

Participants' cash contributions	706,391	682,479
Recharged expenses	8,876	-

Less: Allowance for expected credit losses:

Participants' cash contributions	<u>(264,000)</u>	<u>(79,750)</u>
	<u>451,267</u>	<u>602,729</u>

**Note 4: Trade and other payables**

Trade payables	370,964	283,590
Accrued expenses	1,646,304	1,354,920
Net GST payable	<u>268,635</u>	<u>605,567</u>
	<u>2,285,903</u>	<u>2,244,077</u>

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Note 5: Related parties

Related parties include key management personnel (which include directors) and entities that are controlled or jointly controlled by the Company or key management personnel.

Because of the nature of the skills and other interests related to digital health, there is potential for key management personnel to have a conflict of interest given the range of projects undertaken by the Company. The Company keeps a register of key management personnel declared conflicts of interest. At the start of each Board meeting any possible conflict that has not been previously disclosed is declared and registered.

All transactions with participants and other related parties are conducted using commercial arms-length principles and made under normal terms and conditions.

#### (a) Participant research and consultancy services

The Company engages related parties which are Participants of the CRC program. These Participants carry out research activities funded by the Company.

#### (b) Cash participant contributions

The Company receives cash contributions from related parties which are Core and Additional Participants of the CRC Program. The contribution amounts are set out in the agreements between the Company and the Participants.

#### (c) In-kind participant contributions

The Company receives staff and non-staff in-kind contributions from Participants and applies these contributions to assist Participants to carry out research contracts under the CRC Program. During the year ended 30 June 2022 staff in-kind contributions from related parties totalled \$7,674,888 (2021: \$6,283,877) and non-staff in-kind contributions from related parties totalled \$5,887,226 (2021: \$3,197,473).

#### (d) Other related party transactions

The Company paid \$10,000 (2021: nil) to Research Australia Ltd, an entity with common Key Management Personnel, for sponsorship during 2021-22.

#### Note 6: Key management personnel remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel (KMP). The totals of remuneration paid to KMP of the Company during the year are as follows:

	2022	2021
	\$	\$
Short-term employee benefits	1,571,272	966,402
Post-employment benefits	93,723	52,677
	<u>1,664,995</u>	<u>1,019,079</u>

The increase in the KMP remuneration reflects an average increase of 2.5 Full Time Equivalent executives across the two years, reflecting vacancies and new roles that commenced during the 2021 Financial Year. These executives were employed for all of the 2022 Financial Year, but only part of 2021. In addition the Company employed a Research Director in January 2022, whereas the role was previously carried out by an in-kind executive from one of our participants.

This compensation is included in the Consolidated Statement of Income and Retained Earnings under the categories of employee benefits expense (for executives and directors).

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	\$	\$
<b>Note 7: Notes to the Consolidated Statement of Cash Flows</b>		
<b>(a) Reconciliation of net profit from ordinary activities for the year to net cash generated by operating activities</b>		
Net profit from ordinary activities for the year	9,541,308	3,056,788
Non cash items in net profit:		
Depreciation	7,738	10,530
Loss on disposals of property, plant and equipment	1,410	2,645
Decrease / (increase) in assets:		
Receivables	128,962	896,497
Accrued income	-	50,017
Prepayments and security deposits	(12,844)	13,677
Decrease / (increase) in liabilities:		
Trade and other payables	64,326	652,413
Contract liabilities - unexpended project funding	(45,951)	(14,242)
Employee benefits - annual leave	49,567	(314,543)
Net cash generated by operating activities	<u>9,734,516</u>	<u>4,353,782</u>

**Note 8: Contingent liabilities**

There are no contingent liabilities that have been incurred by the Group in relation to the period ended 30 June 2022.

**Note 9: Subsequent events**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially neutral for the Company up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Federal and State governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Note 10: Financial risk management****(a) Financial risk management policies**

The Group's principal financial instruments consist of cash at bank, term deposits, receivables and trade and other payables. These financial instruments arise from the operations of the Group. The Group does not have any derivative instruments at 30 June 2022.

*Financial Risk Exposures and Management*

The main risks arising from the Group's financial instruments are credit risk, interest rate risk and liquidity risk. The policies for managing each of these risks are summarised below.



**Digital Health CRC Limited ACN 626 094 111 and controlled entity****NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022****Note 10: Financial risk management (continued)****(a) Financial risk management policies (continued)**Credit risk

Credit risk arises from exposure to customers as well as through deposits with financial institutions. The Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics, due to major funding being received from Government Grants and contracts with Government and Government related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. There are potential Forex and Sovereign risks related to some overseas contracts. However, they have not been material to date. The Group continues to monitor these so they can act should the need arise.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its holdings of cash and cash at bank and term deposits.

The Group's policy is to manage its interest income through regularly reviewing the interest rate being received on cash at bank and term deposits and comparing this return to the market.

Liquidity risk management

The Group has no external funding or facilities in place. The Group manages its cash balance to ensure that it has sufficient cash and cash equivalent holdings to meet all short, medium and long term requirements.

**(b) Net fair values**

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values and net fair values of financial assets and financial liabilities are determined in accordance with the accounting policies disclosed in Note 1.

	2022	2021
	\$	\$
<b>(c) Financial instrument composition and maturity analysis</b>		
<b>Financial Assets</b>		
Cash and cash equivalents - at amortised cost	23,785,465	14,055,381
Receivables - at amortised cost	706,391	682,479
<b>Total Financial Assets</b>	<u><u>24,491,856</u></u>	<u><u>14,737,860</u></u>
<b>Financial Liabilities</b>		
Trade payables - at amortised cost	370,964	283,590
<b>Total Financial Liabilities</b>	<u><u>370,964</u></u>	<u><u>283,590</u></u>

**Digital Health CRC Limited ACN 626 094 111 and controlled entity****NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

<b>Note 11: Fees paid to auditors</b>	2022	2021
	\$	\$
Annual financial statement audit	19,650	18,750
Preparation of financial statements	2,350	2,250
Audit of the DISR Acquittal	4,150	3,950
	<u>26,150</u>	<u>24,950</u>

**Note 12: Member's guarantee**

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$100 each towards meeting any outstanding obligations of the Company. At 30 June 2022, the total amount that members of the Company are liable to contribute if the Company wound up is \$2,100.

## Digital Health CRC Limited ACN 626 094 111 and controlled entity

### DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Digital Health CRC Limited ("the Company"), the Directors declare that in their opinion, the financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

1. comply with Australian Accounting Standards - Simplified Disclosures; and
2. give a true and fair view of the financial position as at 30 June 2022 and of its performance for the year ended on that date of the Group.

In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the board of Digital Health CRC Limited.

DocuSigned by:  
*Kate Munnings*  
Director .....  
77680CC19CE248E  
Kate Munnings

DocuSigned by:  
*Megan Robertson*  
Director .....  
ADEF107936FF46C...  
Megan Robertson

Dated at Sydney this 26th day of October 2022

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE DIRECTORS OF THE DIGITAL HEALTH CRC LIMITED**  
**ACN 626 094 111**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of the Digital Health CRC Limited ('the Company') and its controlled entity (collectively referred to as 'the Group'), which comprises the Consolidated Statement of Financial Position as at 30 June 2022, the Consolidated Statement of Income and Retained Earnings and the Consolidated Statement of Cash Flows for the year ended 30 June 2022, notes comprising a statement of significant accounting policies and other explanatory notes, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures 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 Statements* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

**Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that give a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine 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 directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have 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.

**Synergy Group Audit Pty Ltd**

t. (02) 6260 7477 w. synergygroup.net.au a. Ground Floor, 15 National Circuit, Barton, ACT 2600  
PO Box 3789 Kingston ACT 2600 ABN 45 104 227 063 AUTHORISED AUDIT COMPANY NO. 301280

A Correspondent member of the Bentleys Network. Bentleys is a network of independent accounting firms located throughout Australia, New Zealand and China that trade as Bentleys. All members of the Bentleys Network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation.



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 statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



**Eric Hummer**  
Audit Director  
Synergy Group Audit Pty Ltd

28 October 2022