



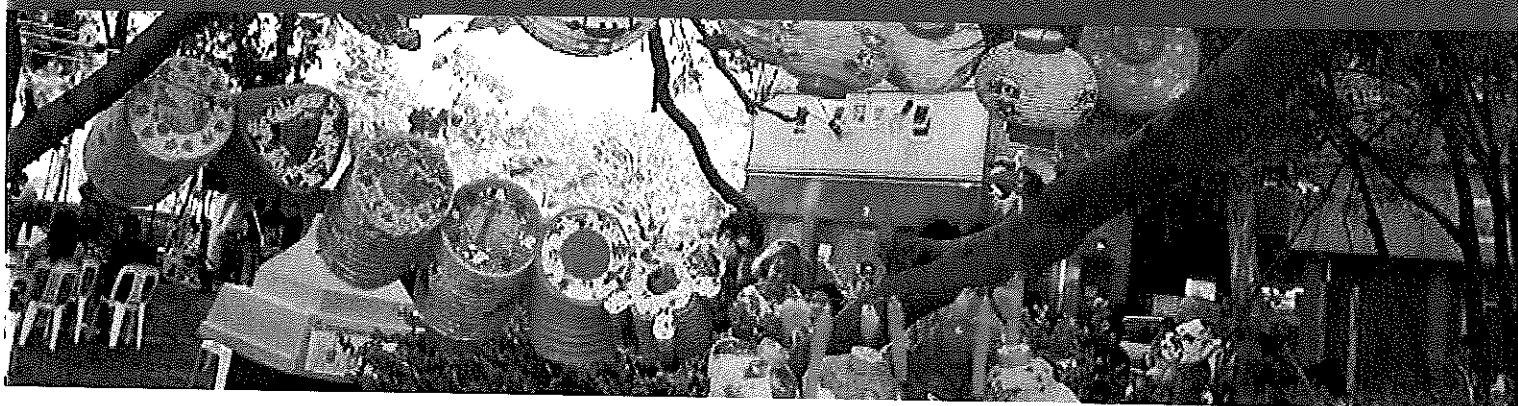
north
richmond
community
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limited



NORTH RICHMOND COMMUNITY HEALTH CENTRE

FINANCIAL

REPORT
2009 – 2010



North Richmond Community Health Limited Financial Report for 2009-2010

The NRCHL Financial Report for 2009-2010 incorporates the following information:

- *Report by the Board of Directors,*
- *Audited Financial Statements for the year ending 30 June 2010*
- *Independent Auditor's Declaration.*

In previous years it has been known as the 'Annual Report'. As the main emphasis is on providing audited financial statements and endorsement by the Directors it has been renamed to reflect the financial emphasis.

Details of programs and services that are provided by NRCHL may be found in our annual Quality of Care Report.

Directors' Report for year ending 30 June 2010:

Directors:

Each of the directors of NRCHL is independent and serves on the Board of Governance in a voluntary capacity .NRCHL does not provide any remuneration for carrying out Director's duties.

During the financial year relating to this Directors' Report the following people were listed as Board Directors. The relevant dates of appointment and resignation are shown in the table below.

<i>Name</i>	<i>Appointment as Director</i>	<i>Resignation as Director</i>
Doctor Robert Baird	16 February 2009	27 January 2010
Leo Groenen	27 April 2010	
Stephen Kerr	16 February 2009	
A. Heang Lay	16 February 2009	
Douglas McManus	23 July 2009	
Fiona McNabb	28 May 2009	23 July 2009
Kiang Seng Nheu	16 February 2009	
Tat Hian Tchia	16 February 2009	
Wei Bin Xia	23 July 2009	

Board Sub-Committees

A summary of the board sub-committees that were held and attended during the financial year relating to this Directors Report are as follows:

Name	Remuneration and Nomination
Kiang Seng Nheu (Chairperson)	1/1
A. Heang Lay	1/1
Doctor Robert Baird	1/1

The Financial Risk and Financial Audit Sub Committee did not meet during the financial year ending 30 June 2010 pending recruitment of a financially skilled Director to accept the role of Chairperson. Consolidated financial reports were tabled for consideration of the entire Board on a monthly basis to address the gap in the functioning of the financial sub- committee.

Attendance at Board of Governance Meetings:

The Board of Governance was convened in each month, excepting January, during the financial year ending 30 June 2010. The number of meetings attended by each Board Director against the total number of meetings held is shown below:

<u>Name:</u>		
Doctor Robert Baird	3/6	Resigned January 2010
Leo Groenen	2/3	For April 2010 onwards
Stephen Kerr	9/11	
A. Heang Lay	7/11	
Douglas McManus	8/11	
Fiona McNabb	0	
Kiang Seng Nheu	10/11	Resigned prior to July meeting date
Tat Hian Tchia	10/11	
Wei Bin Xia	8/11	

Corporate Governance Statement:

Legislative Structure:

North Richmond Community Health Limited became a company limited by guarantee on the 16th February 2009, and is registered with the Australian Investments and Securities Commission (ASIC) under the *Corporations Act (Commonwealth) 2001*. This change also brought with it a change of name from North Richmond Community Health Centre Incorporated to North Richmond Community Health Limited.

The Board of Directors has ultimate responsibility of governance for NRCHL and aligns themselves with the basic corporate governance principles of

accountability, transparency, risk management, confidentiality and fiduciary duties.

Membership

Membership of NRCHL is divided into the following classes of membership: Voting Members, Associate Members (non Voting) and Life Members. There is no annual subscription fee for any class of membership.

Liability of Members & Winding Up Guarantee

As a company limited by guarantee the liability of all classes of membership is limited. Every member undertakes to contribute \$1.00 to the assets of the Company if it is wound up while he or she is a Member, or within one year afterwards of the time of current membership.

Current membership numbers as at 30 June 2010 totalled 233, therefore, the total amount that members of the company were liable to contribute at that date, if the company was wound up, is \$233.00.

The Board's Role at NRCHL

The Board at NRCHL has the following main objectives:

- Reviews the medium and long term goals of NRCHL, as defined by EMT within a clearly defined strategic plan, and gives recommendations for change and updates in consultation with EMT as needed.
- Approves budgets
- Monitors business performance and ensures that NRCHL is compliant with regulatory obligations
- Appoints and evaluates the role of CEO
- Has a clearly defined charter and delegations policy
- Is aware of its duties and responsibilities, the need to comply with ASIC and *The Corporations Act* and other community health sector related regulatory bodies.
- Has a range of skills, knowledge and experience to achieve NRCHL's purposes, directions and representation of the local community
- Ensures there is adequate financial management reporting and regular updated financial statements.

- Has sub committees in the areas of Financial Risk /Financial Audit, and in Remuneration and Nomination
- Makes provision for succession planning

Code of Conduct

Each Director of NRCHL joins all management, staff and volunteers in complying with the standard NRCHL Code of Conduct and is expected to carry out their duties with integrity, honesty and fairness at all times. The underlying corporate governance principles of accountability, confidentiality and privacy are adhered to together with ethical practice and compliance with relevant legislative requirements.

Principal Activities & Objectives

The company provides community health and related services. There has been no change to the principal activities during the financial year.

Short and long term objectives of the company are determined by collective input from Board, Management, Staff and Community that inform the Strategic Plan and the complementary Operational and Program Plans that emerge from the overall findings.

The Strategic Plan is aligned to the annual operating Budget and both strategic and financial monitoring and evaluation is undertaken throughout the periods of strategic intent at Board of Governance and Executive Management levels particularly. Strategic Plans focus on three year projections whilst five year projections are incorporated within the financial management processes to provide guidance on areas such as cash flow management, investment opportunities and solvency of the company for trading.

2010 has seen the commencement of planning for the next strategic phase to encompass the short and long term objectives of the company that will enable sustainable growth within a culture of quality and safety that cascade down into improving health outcomes by addressing key issues that create health inequalities within the community defined by NRCHL's service provision.

A major project that will enhance the objectives of delivering community health and related services is the new building project that has now commenced on the current site of 23 Lennox Street. The building will be completed in two stages allowing NRCHL to remain at the site where the centre has operated for the past 35 years. This is an excellent outcome for our clients and the community and we look forward to the expected completion date of May 2012.

Review of Operations & Likely Developments

The financial result of operations for the year ended 30 June 2010 was a surplus of \$21,043.00.

The company is expected to continue to provide community health and related services in future years on behalf of the Victorian State Government and other parties.

Change in State of Affairs

Other than mentioned elsewhere in this Report and the attached financial report, there were no significant changes in the state of affairs of the company during the year.

Dividends

The Constitution of the company prohibits the payment of dividends.

Subsequent Events

Other than any item mentioned in Note to the financial statements, there has been no matter that has arisen after the end of the financial year that has significantly affected or may significantly affect the company's operations, results of those operations or state of affairs in future financial years.

Environmental Regulation

The company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance

NRCHL maintains the following insurance covers: Directors' and Officers' Liability; Professional Indemnity; Public and Products Liability; Industrial Special Risks; Volunteers; Construction Risks; Medical Indemnity and Personal Accident.

The cost of premiums is paid by the Department of Human Services (DHS) to the Victorian Managed Insurance Association (VMIA).

Indemnification of Officers and Auditor

The company has not offered officers or the auditor any indemnity against their liability which may arise under civil or criminal proceedings involving them acting in that capacity, and has not paid for any insurance policy providing officers or the auditor cover for costs of defence of such proceedings.

Auditor's Independence Declaration

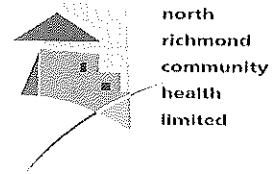
The auditor's independence declaration is set out at the conclusion of the financial statements and is part of the overall directors' report for the financial year ending 30 June 2010.

This report is signed in accordance with a resolution of the Directors.



Stephen Kerr
Chairperson

Dated at Richmond on the 28th day of September, 2010.



Statement by the Board of Directors

In accordance with a resolution made by the Directors of North Richmond Community Health Limited, we state that in the opinion of the Directors:

- a) The financial statements and the notes of the company are in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the company's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - ii) Complying with Accounting Standards and the Corporation Regulations 2001; and
- b) There are reasonable grounds to believe that the company will be able to pay its debts as they become due and payable.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read "Stephen Kerr".

Stephen Kerr
Chairperson
Director

Dated this 28th day of September 2010

Auditor's Independence Declaration to the Directors of North Richmond Community Health Limited

In relation to my audit of the financial report of North Richmond Community Health Limited for the financial year ended 30 June 2010 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



David Sauer

28 September 2010

David Sauer, Chartered Accountant
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INDEPENDENT AUDIT REPORT

To the members of North Richmond Community Health Limited

Report on the Financial Report

I have audited the accompanying financial report of North Richmond Community Health Limited (the company), which comprises the balance sheet as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. The director's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

.../2

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I have given the directors of the company a written Auditor's Independence Declaration, a copy of which accompanies the financial report.

Audit opinion

In my opinion, the financial report of North Richmond Community Health Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



David Sauer
Chartered Accountant

Opinion formed on 28 September 2010

NORTH RICHMOND COMMUNITY HEALTH LIMITED.
ACN 135 411 504

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
INCOME			
Government grants		7,108,491	7,085,372
Consultancy contracts		170,224	116,548
Rental		80,922	81,356
Client's fees		1,160,664	509,479
Donations		1,438	1,996
Interest		82,568	109,965
Proceeds from sale/trade-in of fixed assets		42,208	30,909
Other sources		6,249	1,420
Total income	[3]	8,652,764	7,937,045
EXPENSES			
Personnel cost		5,579,079	5,374,529
Agency staff and consultant		1,501,008	1,121,915
Purchased care		553,032	512,860
Employee benefit provisions		(54,028)	93,425
Depreciation		170,173	174,066
Residual value written-off on disposal of fixed assets		20,318	4,259
Finance costs		-	-
Other recurrent costs		862,139	916,736
Total expenses	[4]	8,631,721	8,197,790
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		21,043	(260,745)

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

BALANCE SHEET
AT 30 JUNE 2010

	Notes	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	[7]	2,354,902	2,447,390
Receivables	[8]	136,934	127,192
Inventories	[9]	9,650	9,650
Other financial assets	[10]	950,691	917,467
Total Current Assets		3,452,177	3,501,699
NON-CURRENT ASSETS			
Property, plant and equipment	[12]	1,686,982	1,682,044
Other financial assets	[10]	0	0
Total Non-current Assets		1,686,982	1,682,044
TOTAL ASSETS		5,139,159	5,183,743
LIABILITIES			
CURRENT LIABILITIES			
Payables	[13]	1,182,357	1,193,956
Provisions	[14]	866,215	914,185
Total Current Liabilities		2,048,572	2,108,141
NON-CURRENT LIABILITIES			
Provisions	[14]	363,838	369,896
Total Non-current Liabilities		363,838	369,896
TOTAL LIABILITIES		2,412,410	2,478,037
NET ASSETS		2,726,749	2,705,706
EQUITY			
Restricted funds		1,230,053	1,284,081
Accumulated surpluses (deficits)		1,496,696	1,421,625
Total equity at end of period		2,726,749	2,705,706

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF CHANGES IN EQUITY
FOR PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010

	Notes	Restricted funds – allocated to meet employee benefit obligations 2010 \$	Balance of accumulated surplus 2010 \$	Total Equity 2010 \$	Restricted funds – allocated to meet employee benefit obligations 2009 \$	Balance of accumulated surplus 2009 \$	Total Equity 2009 \$
TOTAL AT BEGINNING OF PERIOD		1,284,081	1,421,625	2,705,706	1,190,656	1,775,795	2,966,451
Surplus (Deficit) for year			21,043	21,043		(260,745)	(260,745)
Allocation to fund employee benefit obligations		(54,028)	54,028		93,425	(93,425)	-
TOTAL AT END OF PERIOD		1,230,053	1,496,696	2,726,749	1,284,081	1,421,625	2,705,706

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF CASH FLOWS
FOR PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2010	2009
		\$	\$
Receipts from fund providers and clients		9,366,972	9,022,367
Payments of GST and PAYG deductions to ATO		(1,291,234)	(953,924)
Payments to suppliers and employees		(8,062,710)	(7,602,577)
Interest received		82,568	109,965
Net cash provided/(used) by operating activities	[16b]	95,595	575,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets purchases		(197,067)	(152,669)
Cash (invested)/withdrawn		(33,224)	(45,479)
Proceeds on sale of fixed assets		42,208	30,909
Net cash provided/(used) by investing activities		(188,083)	(167,239)
NET INCREASE/(DECREASE) IN CASH HELD		(92,488)	408,592
Cash held at 1 July		2,447,390	2,038,798
Cash held at 30 June	[16a]	2,354,902	2,447,390

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the single entity, *North Richmond Community Health Limited*, are a general purpose financial report prepared in accordance with the requirements of the Corporations Act (2001), Australian Accounting Standards and Interpretations and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS).

The financial statements were authorised for issue by the Board of Directors on 28th September 2010.

Basis of preparation

The financial report has been prepared on an accrual basis in accordance with the historical cost convention, except for financial instruments measured at fair value. Cost is based on the fair value of consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. 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.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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 2010 and the comparative information presented for the year ended 30 June 2009.

Reporting entity

The entity is an individual company limited by guarantee incorporated in Victoria, Australia. The company is a not-for-profit entity whose principal activity is that of a Community Health Centre. It is a public benevolent institution and is therefore exempt from income tax. The registered office/principal place of business is 23 Lennox St, Richmond North Vic 3121. The association's Australian Registered Body Number is A0021519G and its Australian Business Number is 21820901634.

The following is a summary of the significant accounting policies adopted in the preparation of the statements, including the comparative information.

(a) Currency and rounding

The statements are presented in Australian dollars rounded to the nearest whole dollar.

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

(b) Income recognition

Grants from funding bodies are recognised as income when the Centre gains control of the underlying assets. For reciprocal grants, the Centre is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Centre is deemed to have assumed control when the grant is received or receivable under the terms of the grant. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Revenue from provision of services is recognised on a percentage completion basis when the services are provided and it is probable the Centre will benefit from the revenues.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time basis with reference to the effective interest rate.

(c) Resources received free of charge or for nominal consideration

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(d) Goods and Services tax

Income, expenses and assets are recognised net of the amount of associated GST, except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the related asset or expense; or
- (ii) where receivables or payables are presented including GST. The net amount of GST recoverable from, or payable to, the taxation authority 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 flow.

(e) Employee Benefits

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred.

Liability for employee benefits arising from services rendered by employees to the reporting date is recognised when it is probable that settlement will be required and the amounts may be measured reliably.

Where the settlement of employee benefits legally cannot be deferred beyond twelve months after reporting date, they are classified as current liabilities.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Centre in respect of services provided by employees up to reporting date using the remuneration rate expected to apply at the time of settlement. Provisions expected to be settled within 12 months are measured at nominal amounts.

Superannuation contributions are made by the organisation on behalf of employees in accordance with statutory requirements and/or salary packaging agreements. These

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

contributions were paid to the superannuation funds nominated by the employees as per legislative requirements applicable to the Centre and charged as expenses when incurred.

Contributions were also paid on behalf of a small number of employees to a defined benefit scheme administered by Health Super Pty Ltd. and, as at 30 June 2010, there were no outstanding contributions owed in this respect. As the Centre is unable to identify its share as an employer of the net surplus or deficit of this scheme, the accounting policy applied has been as if the fund were a defined contributions fund.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held in bank and credit card accounts, as well as on-call bank deposits.

(g) Receivables

Receivables consist predominantly of debtors in relation to grants and services, advances, accrued investment income and GST input tax credits recoverable.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Receivables known to be uncollectible are written off.

(h) Inventories

Inventories are held for distribution and consist of medical supplies, materials and stationery purchased, but unused at balance date. They are measured at the lower of actual cost and net replacement cost

(i) Other financial assets

Other financial assets are bank term deposits. These have a fixed term to maturity and are stated at their amortised cost, with interest derived from them recognised as income over that term based on their effective interest rate.

(j) Intangibles assets

Application software is recognised at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life, which is an average of 3 years.

(k) Property, plant & equipment

Property, plant & equipment is measured at cost less depreciation. The depreciable amount of all fixed assets, including buildings, but excluding land, is depreciated on a straight-line basis over each asset's useful life as follows:

Buildings	10 to 50 years
Office equipment	3 to 15 years
Dental and medical	5 to 10 years
Furniture	10 to 20 years
Plant and machinery	3 to 20 years
Motor vehicles	6 to 10 years
Other equipment	5 to 25 years

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

The assets' useful lives, residual values and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

The Company's North Richmond premises are situated on land made available by the Victorian State Government at no charge. The Company has not been able to reliably measure the fair value of this land at the time the arrangement commenced, and it is not recognised as part of the Company's assets.

(l) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of tangible and intangible assets for indicators of any impairment loss. If there is any indicator, assets are written down to the depreciated replacement cost where this is lower than the carrying amount.

(m) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

(n) Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. They are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services and are measured at nominal value.

(o) Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(p) Restricted funds

The Company designates accumulated funds as restricted when it decides a specific purpose should be supported by an allocation. Currently, employee benefit obligations have been designated as restricted, as they are a major liability commonly settled in later financial periods to that in which they accrue and in which they may have been funded.

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

(q) New Accounting Standards and Interpretations made but not applied

New Accounting Standards and Interpretations have been made which are not mandatory for the financial year ended 30 June 2010. The company has not elected to adopt these rules ahead of their mandatory application date. They will be applied in the company's first financial year after the mandatory application date. These standards and interpretations and their expected impacts are:

Statement	Expected Impact	Applies in periods beginning on or after
AASB 9 Financial Instruments	(d)	1 Jan 2013
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	(d)	1 Jan 2013
AASB 124 Related Party Disclosures (2009)	(i)	1 Jan 2011
AASB 2009-12 Amendments to Australian Accounting Standards	(i)	1 Jan 2011
AASB 1053 Application of Tiers of Australian Accounting Standards	(a)	1 Jul 2013
AASB 2010-2 Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements	(a)	1 Jul 2013
AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process	(h)	1 Jan 2010
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters	(b)	1 Jan 2010
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	(e)	1 Feb 2010
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	(b)	1 Jan 2011
AASB 2010-1 Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters – Amendment to AASB 1	(b)	1 Jul 2010
AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	(h)	1 Jul 2010
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	(h)	1 Jan 2011
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	(b)	1 Jan 2010
Interpretation 19 Extinguishing Liabilities with Equity Instruments		
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19	(b)	1 Jul 2010

Expected impacts on future financial reports:

- (a) Statements reduce the disclosures required to be provided by eligible entities, but will not have an effect on the operating result or financial position. The company has not decided whether to elect to apply these standards.
- (b) Statement addresses material that is not relevant to the company's financial statements
- (c) Statement is not expected to have material impact on the company's financial statements
- (d) Significant revisions to the classification and measurement of financial assets No significant impact is expected on the company's financial statements.
- (e) Statement is not applicable to the company because it is a not-for-profit organisation without share capital.
- (f) Statement does not require a change of accounting policy from those currently applied.
- (g) Statement is not applicable because the company does not produce a concise financial report.
- (h) Amends and clarifies a range of standards. Impact on the company is expected to be limited to cash flows from investing activities being restricted to expenditures that result in a recognised asset
- (i) exempts some entities from making related party disclosures for transactions with the government and government-related entities. No impact on the company is expected;
- (j) The company has not yet evaluated the effects of these Standards.

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NOTE [2] - ECONOMIC DEPENDENCY

The organisation receives most of its income as Government grants from the Victorian Department of Human Services. Without that funding or finding alternative sources of income, the program and services offered would be substantially curtailed.

	Note	2010 \$	2009 \$
NOTE [3] – INCOME			
<i>Projects and programs</i>			
Community health service	[5]	2,851,287	3,127,853
Youth welfare service		68,616	64,890
Vietnamese welfare service		0	0
Arts & culture program		241,297	189,009
Centre for culture, ethnicity and health		2,794,947	1,756,698
Post-acute care program		1,080,925	968,309
Dental health service		1,598,128	1,749,683
Psychiatric disabilities program		159,850	152,856
Drug safety program		720,361	742,894
Young people's recreation & sport activities		500	6,000
Sundry small projects	[6]	5,521	11,956
Interest on investments		82,568	109,965
Miscellaneous items (including donations)		0	0
Total income (non-consolidated value)		9,604,001	8,880,113
less internal charges for cross-subsidisation		(951,238)	(943,068)
Total consolidated income		8,652,764	7,937,045

Diversity in Health Conference:

During the financial year the company hosted a conference on health issues "Diversity in Health 2010". The conference recorded total income of \$624,118 and total expenses of \$601,431, contributing a surplus of \$22,687.

NOTE [4] – EXPENSES

<i>Projects and programs</i>			
Community health service	[5]	3,133,425	3,324,959
Youth welfare service		57,080	56,859
Vietnamese welfare service		0	0
Arts & culture program		286,297	240,276
Centre for culture, ethnicity and health		2,555,851	1,652,664
Post-acute care program		1,102,359	1,003,660
Dental health service		1,703,219	2,084,426
Psychiatric disabilities program		145,216	166,119
Drug safety program		591,392	594,707
Young people's recreation & sport activities		2,634	3,795
Sundry small projects	[6]	5,485	9,494
Buses - depreciation and change-over cost		0	389
Miscellaneous items		0	0
Total expenses (non-consolidated value)		9,582,959	9,140,858
less internal charges for cross-subsidisation		(951,238)	(943,068)
Total consolidated expenses		8,631,721	8,197,790

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	Note	2010 \$	2009 \$
NOTE [5] - COMMUNITY HEALTH SERVICE			
INCOME AND EXPENDITURE			
<i>Income</i>			
Government grants		1,600,602	1,904,931
Rental from various occupants		77,322	78,656
Consultancy fees		132,177	87,508
Client's fees		75,170	90,212
Administration fees from other programs		931,318	949,794
Miscellaneous income		34,699	16,752
Total income		2,851,287	3,127,853
<i>Expenses</i>			
Personnel cost (incl. overhead cost)		2,311,027	2,296,522
Variation in leave provisions		(36,306)	1,165
Medical supplies and diagnostic facilities		10,014	12,405
Power (gas and electricity)		32,257	29,850
Linen, laundry and cleaning		20,708	26,567
Repairs and maintenance		60,250	83,488
Consultants' fees		162,192	261,546
Auditor's fees for audit of financial statements ¹		7,500	8,000
Staff recruitment cost		2,665	10,556
Membership dues and subscription		32,278	12,474
Insurances		0	9,045
Stationary, photocopying and computer supplies		81,877	46,758
Books, audio-visual & health education materials		0	288
Telecommunication cost (incl. ISP)		79,639	75,158
Postage and courier services		10,495	9,371
Motor vehicles cost		29,419	20,853
Travelling cost		8,273	11,057
Rent and rates (incl. equipment rental)		101,637	127,899
Public relations		4,678	9,587
Staff development cost		31,341	30,529
Security and fire alarm system		2,826	6,337
Translation and interpreting cost		31,632	43,559
Depreciation of fixed assets (incl. write-down on disposal)		120,385	95,227
Bad debts written off		0	0
Miscellaneous expenses		28,638	96,718
Total expenses		3,133,425	3,324,959
Result for period		(282,138)	(197,106)

1. The auditor received no remuneration for any other services.

NOTE [6] – SMALL PROJECTS

<i>Income</i>			
Senior citizens' group activities		1,842	1,610
Social activities for residents		1,260	1,900
Timorese group activities		0	3,000
Vietnamese women's group activities		2,419	5,446
Total income		5,521	11,956
<i>Expenses</i>			
Senior citizens' group activities		2,541	3,175
Social activities for residents		2,133	985
Timorese group activities		0	2,509
Vietnamese women's group activities		811	2,825
Total expenses		5,485	9,494

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	Note	2010	2009
		\$	\$
NOTE [7] - CASH AND CASH EQUIVALENTS			
Cash on hand		13,679	7,824
Cash at bank – cheque account		393,221	735,999
Cash at bank - credit card account		0	0
Cash at bank - cash management account		1,948,003	1,703,567
		2,354,902	2,447,390
NOTE [8] - RECEIVABLES			
Current receivables			
Trade debtors		75,996	78,257
Accrued income		43,470	41,458
Prepayments		17,467	7,478
Total Receivables		136,934	127,192
NOTE [9] - INVENTORIES			
Medical supplies, materials and stationery at cost		9,650	9,650
		9,650	9,650
NOTE [10] - OTHER FINANCIAL ASSETS			
Current		950,691	917,467
Bank term deposits (maturing within 12 months)		950,691	917,467
Non-current		0	0
Bank term deposits (maturing later than 12 months)		0	0
Total Other Financial Assets		950,691	917,467
NOTE [12] - PROPERTY, PLANT & EQUIPMENT			
Building at cost		1,643,429	1,643,429
Less accumulated depreciation		(434,167)	(411,250)
		1,209,262	1,232,179
Office & computer equipment at cost		634,927	537,203
Less accumulated depreciation		480,893	421,301
		163,034	115,902
Dental & medical equipment at cost		162,902	162,902
Less accumulated depreciation		141,860	127,293
		21,042	35,609
Furniture at cost		153,767	154,261
Less accumulated depreciation		110,869	100,309
		46,993	53,952
Plant & machinery at cost		110,869	110,869
Less accumulated depreciation		83,673	76,423
		27,196	34,446
Motor vehicles at cost		426,345	405,304
Less accumulated depreciation		213,820	205,212
		212,525	200,092
Other equipment at cost		27,236	28,677
Less accumulated depreciation		20,304	18,811
		6,930	9,866
TOTAL		1,686,982	1,682,044

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NOTE [12] - PROPERTY, PLANT & EQUIPMENT (con't)

Reconciliations of the carrying amount of each class of property, plant and equipment asset at the beginning and end of the previous and current financial year is set out below:

	Balance 1 July 2008	Additions	Disposals	Depreciation	Balance 30 June 2009
Buildings	1,254,971	0	0	(22,792)	1,232,179
Office equipment	126,163	45,737	0	(55,998)	108,398
Dental & medical	50,189	860	0	(15,440)	35,609
Furniture	55,859	5,102	0	(7,009)	53,952
Plant and machinery	29,582	12,253	0	(7,390)	34,445
Motor vehicles	179,139	86,180	(4,259)	(60,967)	200,092
Other equipment	10,163	4,173	0	(4,470)	17,369
Total	1,706,065	154,205	(4,259)	(174,066)	1,682,045

	Balance 1 July 2009	Additions	Disposals	Depreciation	Balance 30 June 2010
Buildings	1,232,179	0	0	(22,917)	1,209,262
Office equipment	108,398	106,724	0	(57,677)	157,445
Dental and medical	35,609	0	0	(14,567)	21,042
Furniture	53,952	682	(1,016)	(6,625)	46,993
Plant and machinery	34,445	0	0	(7,249)	27,196
Motor vehicles	200,092	87,159	(17,370)	(57,356)	212,525
Other equipment	17,369	863	(1,932)	(3,781)	12,519
Total	1,682,045	195,428	(20,318)	(170,172)	1,686,982

Note	2010	2009
	\$	\$

NOTE [13] - PAYABLES

Trade creditors	253,276	338,185
Accrued expenses	134,418	73,767
Unearned Income (including grants received in advance)	794,663	782,004
	1,182,357	1,193,956

NOTE [14] -- PROVISIONS

Current

Annual leave	363,771	403,377
Long service leave	502,444	510,808
Total current provisions	866,215	914,185

Non-current

Long service leave	363,838	369,896
Total non-current provisions	363,838	369,896

Total Provisions	1,230,053	1,284,081
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Note	2010	2009
	\$	\$

NOTE [15] - OPERATING LEASES

a) Commitments

Non-cancellable operating leases contracted for at balance date but not provided for in the accounts, payable:

Less than one year	87,216	122,454
Later than one year but not later than five years	94,080	49,584
	181,296	172,038

b) Expenses

Office equipment	55,181	25,402
Office space	100,567	102,788
	155,748	128,190

The Company leases property for some staff unable to be accommodated in its main premises. The lease is for a 5-year term expiring in Dec,2010. A photocopier is leased for a 4 year term.

Note	2010	2009
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NOTE [16] - CASH FLOW INFORMATION

a) Reconciliation of cash

Cash on hand and deposit	2,354,902	2,447,390
Bank overdraft	0	0
	2,354,902	2,447,390

b) Reconciliation of net cash used in operating activities with net result in Operating Statement

Result as per <i>Operating Statement</i>	30,043	(260,745)
Non-cash flows in result:		
Depreciation	170,173	174,066
Net (Profit) / Loss on sale of assets	(21,890)	(26,650)
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(9,742)	38,521
(Increase)/Decrease in inventories	0	0
Increase/(Decrease) in creditors	(20,599)	557,180
(Increase)/(Decrease) in provisions	(54,028)	93,425
	93,957	575,797

Note	2010	2009
	\$	\$

NOTE [17] - KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation paid to key management personnel during the year was:

Short-term benefits	108,586	95,577
Post-employment benefits (superannuation contributions)	8,957	11,395
Long-term benefits	3,229	3,128
TOTAL	120,772	110,100

Members of the Committee of Management are appointed on an honorary basis and do not receive compensation for their services.

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NOTE [18] - RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the reporting period.

NOTE [19] - SUBSEQUENT EVENTS

There have been no material or significant events occurring after the reporting date up to the date of authorisation for issue of this report.

NOTE [20] - MEMBERS' GUARANTEE

The company has no share capital and is limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any outstandings and obligations of the entity. At 30 June 2010 the number of members was 6.

Note [21] – CONTINGENT LIABILITIES

Litigation for recovery of fees has been commenced against the company by a supplier whom the company alleges failed to perform under a contract. The company is defending the action and has legal advice indicating that any liability that may arise if the claim is successful will not be significant.

NOTE [22] - FINANCIAL INSTRUMENTS

(a) Risk management objectives and policies

The nature of the operations of the Company do not result in substantial financial risk. The assessed risks lie primarily in credit risk, liquidity risk and interest rate risk. The entity considers that there limited risk means there is no need to enter into risk management strategies involving derivative instruments. The Company does not enter into or trade financial instruments for speculative purposes.

(b) Significant accounting policies and terms and conditions

Details of:

- the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised; and
- any significant terms and conditions

in respect of each class of financial asset and financial liability are identified in Note 1 to the accounts.

(c) Credit risk exposure

There is no provision for doubtful debts included in the accounts at 30 June 2010, as all identified bad debts have been written off and there are no significant exposures in the remaining receivables.

(d) Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities contained within these financial statements is representative of the fair value of each financial asset or liability.

(e) Liquidity risk

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Management arranges for an appropriate mix between funds at call and on deposit to ensure adequate liquidity. Where payables have a contractual maturity, it is usually within 30 days or equivalent standard trading terms.

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NOTE [22] - FINANCIAL INSTRUMENTS (cont)

(e) Interest rate risk exposure

The Company places short-term surplus cash funds in to money market investments earning a market rate of interest. The Company's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in the following table. Exposures arise predominantly from assets and liabilities bearing variable interest rates.

Interest rate exposure at 30 June 2010					
	Floating interest rate \$	Fixed interest rate (maturing in 1 year or less) \$	Non interest bearing \$	TOTAL \$	Weighted average Interest rate %
Financial assets					
Cash at bank	2,341,223	-	13,679	2,354,902	3.40
Receivables	-	-	136,934	136,934	
Other financial assets	-	950,691	-	950,691	3.60
Total financial assets	2,341,223	950,691	150,613	3,442,527	
Financial liabilities					
Payables			1,173,357	1,173,357	
Total financial liabilities			1,173,357	1,173,357	

Interest rate exposure at 30 June 2009					
	Floating interest rate \$	Fixed interest rate (maturing in 1 year or less) \$	Non interest bearing \$	TOTAL \$	Weighted average Interest rate %
Financial assets					
Cash at bank	2,439,566	-	7,824	2,447,390	3.79
Receivables	-	-	127,192	127,192	
Other financial assets	-	917,467	-	917,467	4.61
Total financial assets	2,439,566	917,467	135,015	3,492,049	
Financial liabilities					
Payables			1,193,956	1,193,956	
Total financial liabilities			1,193,956	1,193,956	



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