



north richmond
community health



ACN 135 411 504/ ABN 21 820 901 634

Annual Directors' Report and Audited Financial Statements
Year Ending 30 June 2016

Directors' Report

Year Ending 30 June 2016

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 2015-2016 financial year the people included in the following table were listed as board directors. The relevant dates of appointment and/or resignation together with relevant qualifications and experience are also shown for each director.

Name	Appointment as Director	Resignation as Director	Qualifications and Experiences
Tat Hian (Paul) Tchia Chairperson	16/02/2009 Re-elected 04/09/2015		Well respected and very active member of the North Richmond community. Retired member of the Macau Police Force.
Dr Xue Li Zhao Chairperson Remuneration & Nomination Subcommittee (RANSC)	27/11/2010		Retired medical professional who is an active member of local North Richmond community groups.
Chris Altis Deputy Chairperson	13/12/2011		Chris currently has experience in the Corporate sector as well as familiarity of the Commonwealth, State and Local Government sectors.
Kiang Seng Nheu	16/02/2009 Re-elected 04/09/2015		Former school principal in East Timor and well respected by many former students and their families who now reside in the North Richmond community.
Leo Groenen Chairperson, Financial Risk and Financial Audit Subcommittee	27/04/2010		Accounting, Chemical Engineering, Medical Research,
Wei Bin Xia	23/07/2009 Re-elected 04/09/2015		Bachelor of Science in Textile Designing Engineering and active involvement in the Melbourne Chinese Singing and Dance Troupe Inc.
Hatice Yilmaz Deputy Chairperson	27/11/2012		Qualified electrician, Office of Housing Community Liaison Committee, volunteer for numerous community groups.
Shan E Shen	10/12/2013		Active member of local North Richmond community groups.

Company Secretary

Demos Krouskos, CEO, held the position of Company Secretary at the end of the financial year and was appointed to this role on 16 February 2009.



Attendance by Directors

Attendance at Board Subcommittees

A summary of the board subcommittees that were held and attended during the 2015-2016 financial year are as follows:

Name	Remuneration and Nomination Subcommittee	
Xue Li Zhao (Chairperson)	Meetings Held during term: 3	Meetings Attended: 2
Kiang Seng Nheu	Meetings Held during term: 3	Meetings Attended: 2
Shen E Shan	Meetings Held during term: 3	Meetings Attended: 3

Name	Financial Risk and Financial Audit Subcommittee	
Leo Groenen (Chairperson)	Meetings Held during term: 6	Meetings Attended: 6
Paul Tchia	Meetings Held during term: 6	Meetings Attended: 5
Wei Bin Xia	Meetings Held during term: 6	Meetings Attended: 6
Hatice Yilmaz	Meetings Held during term: 6	Meetings Attended: 6

Attendance at Board of Governance Meetings

The Board of Governance was convened eleven times during this financial year, the exception being January 2016.

The number of meetings attended by each board director is shown below. An asterisk (*) indicates directors granted leave of absence due to overseas travel.

Directors are listed in alphabetical order.

Name	Board of Governance Meeting Attendance	
Chris Altis	Meetings Held during term: 10	Meetings Attended: 8
Leo Groenen	Meetings Held during term: 10	Meetings Attended: 10
Kiang Seng Nheu	Meetings Held during term: 10	Meetings Attended: 9
Shan E Shen*	Meetings Held during term: 10	Meetings Attended: 6
Tat Hian (Paul) Tchia	Meetings Held during term: 10	Meetings Attended: 9
Wei Bin Xia*	Meetings Held during term: 10	Meetings Attended: 5
Hatice Yilmaz	Meetings Held during term: 10	Meetings Attended: 10
Xue Li Zhao*	Meetings Held during term: 10	Meetings Attended: 8

*Director's absent with permission of Chairperson: overseas travel commitments

Corporate Governance Statement

Legislative Structure

North Richmond Community Health Limited became a Company Limited by Guarantee on 16th February 2009, and is registered with the Australian Securities and Investments 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 (NRCHL).

In early 2013 NRCHL became a registered Charity with the Australian Charities and Not-For-Profits Commission (ACNC). ACNC Annual Information Statements have been lodged for each calendar year since 2013 in accordance with prescribed time lines.

Annual compliance has also been received by the Department of Health and Human Services (DHHS) for monitoring of community health centres registered under *The Health Services Act 1988*.

The Board of Directors has ultimate responsibility for governance at 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 and 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 2016 totalled 279, therefore the total amount that members of the company were liable to contribute at that date was \$279.00.

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 outlined within a clearly defined strategic plan and accompanying operational plan, and gives recommendation for change and updates in consultation with the executive management team 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 delegations policy.
- Is aware of its duties and responsibilities, such as the need to comply with ASIC, ACNC, 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.
- Establishes subcommittees in areas of Financial Risk/Financial Audit, and Remuneration and Nomination.
- Makes provision for succession planning.

Code of Conduct

Each director of NRCHL joins with management, staff and volunteers in complying with the NRCHL Code of Conduct and is expected to carry out their duties with integrity, honesty and fairness. The underlying corporate governance principles of accountability, confidentiality and privacy are adhered to as well as with ethical practice standards and compliance with relevant legislative requirements. The Board endorses NRCHL's zero tolerance of all forms of child abuse and directors, together with all other NRCHL personnel, are required to contact authorities if they are concerned about a child's safety.

Principal Activities and Objectives

NRCHL's principal activities continue to be the delivery of community health and related services. These include medical; nursing; allied health; dental; counselling; diabetes education; language services including interpreters and translation; health promotion; and community building programs. State wide training and resources for the sector are provided by the Centre for Culture, Ethnicity and Health (CEH).

Short and long term objectives of NRCHL are determined by the collective input of the board, management, staff and community. This input informs the company's strategic plan and the complementary operational and program plans. The current Strategic Plan for 2013-2017 is progressing according to identified goals and directions. NRCHL has achieved continuing successful external accreditation against Quality Improvement Council (QIC), National Safety and Quality Health Service Standards (NSQHSS); Home and Community Care (HACC), and Australian General Practice Accreditation Limited (AGPAL).



Long term objectives of the company are to plan and manage sustainable growth through innovation, collaboration and opportunity; promote and foster a culture of quality and safety and improve health outcomes by addressing key issues that create health inequalities.

Short term objectives have been reviewed throughout the financial year ending 30 June 2016 and include:

- Growth of services through expansion and strategic positioning, particularly with the introduction of NDIS from 1 July 2016.
- Improving and strengthening organisational structures and processes
- Working collaboratively with the local community to address key community priorities
- Strengthening the clinical governance framework
- Increasing health promotion and education to the local community
- Improving health literacy of CALD communities
- Strengthening training and development opportunities for board directors

A broad range of strategies have been implemented to achieve the short term objectives.

Training and development for the board directors during this reporting period has included **Our Community Board Builder Conference; Grant Thornton Australia: Not for Profit Financial Literacy Survey Results**. A review of each of the five Australian Charities and Not-for-profits Commission (ACNC) Governance Standards also resulted in a 'Declaration of Responsible Person' being developed and signed by each director and CEO/Company Secretary. Governance Policies and Procedures, as adopted from Australian Centre for Healthcare Governance (ACHG) to align with online training modules, were also reviewed and updated by the Remuneration and Nomination Sub-Committee. Ongoing benchmark results from ACHG indicate that NRCHL directors continue to be at par with their peers for the majority of governance areas and slightly above the average performance rate on certain components.

A change to external auditors took place effective as of the 2015 AGM. NRCHL wishes to convey thanks and appreciation for the highest levels of support and financial expertise provided by Mr David Sauer who was the external auditor for a number of years. William Buck Chartered Accountants and Advisers were successful candidates following a formal expression of interest tender process that was adopted by the Financial Audit and Risk Sub-committee (FARSC). William Buck was accepted as the newly appointed external auditor by members at the 2015 AGM.

The financial result of operations for the year ending 30 June 2016 was a budget deficit of **(\$149,740)**.

Measurement of Performance

Performance is monitored and measured at regular intervals throughout the year through a range of reporting exercises that are determined by funding agreements, accreditation reviews and reports, financial measures, and client and community satisfaction feedback.

Strategic plans focus on three year projections whilst five year projections are incorporated within the financial management process to provide guidance on areas such as cash flow management, investment opportunities, and solvency of the company for trading.

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.



Diversity

NRCHL takes an active role in promoting diversity in all forms. The board is a true reflection of the cultural diversity of NRCHL. Timorese Hakka, Mandarin and Turkish interpreters provide language interpretation for some board directors in executing all of their responsibilities, which has encouraged active participation by all directors. Directors Information Kits are provided in both English and Mandarin to optimise understanding of the broad aspects of governance related matters and responsibilities. Increasing gender diversity is also identified as a key goal and has been addressed by having women comprising 50% of the current board membership.

Insurance

NRCHL holds the following insurance policies: Directors' and Officers' Liability; Professional Indemnity; Public and Products Liability; Medical Indemnity and Personal Accident; Industrial Special Risks; Volunteers; Construction Risks. Insurance premiums are paid by the Department of Human Services (DHS) to Victorian Managed Insurance Association (VMIA).

Proceedings on Behalf of the Company

No person has applied leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not party to any such proceeding during the year.

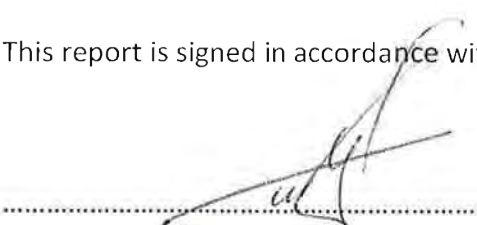
Indemnification of Officers and Auditor

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 of the costs of defence of such proceedings.

Auditor's Independence Declaration

The auditor's independence declaration is set out as part of the accompanying financial statements and is part of the overall Directors' Report for the financial year ending 30 June 2016.

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



Tat Hian (Paul) Tchia
Chairperson

Dated at Richmond this 27th day of September 2016.

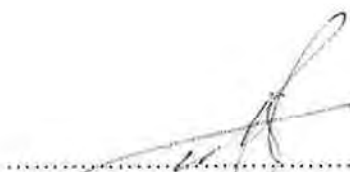
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Statement by the Board of Directors

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 Australian Charities and Not-for-profits Commission Act 2012, including:
 - i) Giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii) Complying with Accounting Standards Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2013; and
- b) There are reasonable grounds to believe that the company will be able to pay its debts as they become due and payable.

Signed on behalf of the Board by:



Tat Hian (Paul) Tchia
Chairperson

Dated at Richmond this 27th day of September, 2016

**AUDITOR'S INDEPENDENCE DECLARATION UNDER THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF NORTH
RICHMOND COMMUNITY HEALTH LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'William Buck Audit (VIC) Pty Ltd'.

William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136

A handwritten signature in black ink, appearing to read 'A.P. Marks'.

A.P. Marks

Director

Dated this 28th day of September, 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
INCOME			
Government grants		8,891,219	8,650,820
Client's fees		706,352	746,558
Consultancy contracts		388,883	370,705
Service fees		254,362	222,776
Interest		113,951	149,086
Rental		218,739	240,213
Proceeds from sale/trade-in of fixed assets		13,904	28,200
Donations		4,705	843
Other sources		129,578	81,148
Total Income	[3]	10,721,693	10,490,349
EXPENSES			
Personnel cost		(8,082,340)	(7,770,358)
Agency staff and consultants		(1,466,687)	(1,343,103)
Employee benefit provisions		162,530	(122,458)
Depreciation		(209,869)	(182,798)
Residual value written-off on disposal of fixed assets		(4,181)	(16,170)
Other recurrent costs		(1,270,886)	(1,306,385)
Total Expenses	[4]	(10,871,433)	(10,741,272)
Surplus (Deficit) from operating activity		(149,740)	(250,923)
Surplus (Deficit) for the year		(149,740)	(250,923)
Other comprehensive income		0	0
Total comprehensive income		(149,740)	(250,923)

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	[7]	588,597	669,021
Receivables	[8]	538,843	305,086
Inventories	[9]	27,081	17,522
Other financial assets	[10]	3,523,969	3,951,919
Total current assets		4,678,490	4,943,548
NON-CURRENT ASSETS			
Intangible assets		0	0
Property, plant and equipment	[11]	843,750	870,985
Total non-current assets		843,750	870,985
TOTAL ASSETS		5,522,240	5,814,533
LIABILITIES			
CURRENT LIABILITIES			
Payables	[12]	872,474	855,401
Provisions	[13]	1,352,312	1,314,834
Total current liabilities		2,224,786	2,170,235
NON-CURRENT LIABILITIES			
Provisions	[13]	285,687	482,791
Total non-current liabilities		285,687	482,791
TOTAL LIABILITIES		2,510,474	2,653,026
NET ASSETS		3,011,767	3,161,507
EQUITY			
Accumulated surplus		3,011,767	3,161,507
TOTAL EQUITY		3,011,767	3,161,507

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
ACCUMULATED SURPLUS & TOTAL EQUITY			
Total surplus & equity at 1st July		3,161,507	3,412,430
Surplus (Deficit) for year		(149,740)	(250,923)
Total surplus & equity at 30th June		3,011,767	3,161,507

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from fund providers and clients		11,247,034	11,100,112
Payments of GST and PAYG deductions to ATO		(1,582,514)	(1,461,146)
Payments to suppliers and employees		(10,113,932)	(10,001,080)
Interest received		113,951	149,086
Net cash (used) by operating activities	[15b]	(335,461)	(213,028)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets purchases		(186,816)	(310,728)
Net Term deposit (invested)/withdrawn		427,949	(96,545)
Proceeds on sale of fixed assets		13,904	28,200
Net cash provided/(used) by investing activities		255,037	(379,073)
NET (DECREASE) IN CASH HELD		(80,424)	(592,101)
Cash held at 1 st July		669,021	1,261,122
Cash held at 30th June	[15a]	588,597	669,021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH RICHMOND COMMUNITY HEALTH LTD

Report on the Financial Report

We have audited the accompanying financial report of North Richmond Community Health Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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 of the financial report that gives a true and fair view 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*

CHARTERED ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH RICHMOND COMMUNITY HEALTH LTD (CONT)

Basis for Qualified Opinion

The financial report for the year ended 30 June 2015 was audited by another auditor who expressed an unmodified opinion on the financial report. In undertaking our audit in respect of the year ended 30 June 2016 we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves in respect of current year opening balances as at 30 June 2015. Since opening balances enter into the determination of current year results of operations and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the amounts for the year reported in the statement of profit or loss and other comprehensive income and net cash flows reported in the statement of cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of North Richmond Community Health Ltd is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of North Richmond Community Health Ltd for the year ended 30 June 2016 included on North Richmond Community Health Ltd's web site. The company's directors are responsible for the integrity of the North Richmond Community Health Ltd's web site. We have not been engaged to report on the integrity of the North Richmond Community Health Ltd's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136



A.P. Marks

Director

Dated this 28th day of September, 2016

