

**ANNUAL REPORT**

# 2018-2019



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## REPORT FROM THE CHAIR

Gateway Health continues to build in strength and capacity, with good governance, oversight and strong operational management.

In November 2018 we recruited two new Board members, Ruth Davenport and Geoffrey Lowe. Ruth, has been a long time high-level practitioner in the Clinical and Mental Health arena and is a welcome addition to both the Board and the Quality of Care Committee. She has a deep knowledge of issues pertaining to people with a disability, of the changing consumer-directed care landscape and of the complexities of organisational management. Geoffrey is a locally-based businessman who brings industry, economic and business management skills and perspective to the Board and to the Audit and Compliance Committee. A big welcome to both. We farewelled Anthony Howard in October 2018 and I take this opportunity to again thank him for his significant contribution.

The Service Planning project with Cube Group Consultants was a major piece of work during the year. The 10 year plan was completed in May and provides a comprehensive document that 'provides clarity on key strategic considerations for Gateway Health's role, client base and service profile'. Recommendations relate to four key opportunities for Gateway Health and they are as follows:

- Build the capacity, capability and systems to manage an increased demand for services arising from population growth;
- Lead the development of the Ovens Murray model of integrated service planning and delivery;
- Work in partnership with others to improve population health; and
- Gateway health to be recognised as leader of, and advocate for, community health.

Board Directors were pleased to participate in the Strategic Plan Year 2 review, to give consideration to the relationship of risk to each strategic goal, to lay the foundations for the development of a financial strategy and plan, and to consider the format for developing a new three year strategic plan to begin July 2020. I would like to thank and acknowledge the leadership and hard work of E2E Consultants in guiding this process.

Once again in September/October 2018 Directors undertook the Governance Evaluator's Governance Capability Assessment. This is a valuable tool for assessing the knowledge of the Board in relation to a range of governance indicators and provides each Director with an analysis of their strengths, skills, abilities and areas requiring further work. A new Board Action Plan was drawn up with a primary focus on the areas of risk, stakeholder engagement



and clinical governance. Much work has been undertaken to date.

At the beginning of 2019 Directors participated in an on-line Board Skills and Development Matrix, once again under the Governance Evaluator banner. A group action plan has been drawn up from this survey and a number of training activities have been identified and are in progress.

Training and insight sessions are key, enabling Directors to keep abreast of the changing political, environmental and health care landscape. Presentations were given to the Board from the VHA (Victorian Healthcare Association) with a focus on the role of advocacy, and from Mental Health Victoria with an update on the work being undertaken to address the policy settings for Mental Health, and the Royal Commission into Mental Health. Directors all attended and participated in Clinical Governance training, facilitated by Jo-Anne Moorfoot from the Australian Centre for Healthcare Governance. It was new information for a number of Directors and an opportunity to work alongside senior Gateway staff.

I was privileged to attend the Big Day In for Gateway Health staff in Wangaratta. It was terrific to acknowledge, celebrate and have some fun. I was impressed by the activities devised by staff and the energy and goodwill that were manifest.

I would like to acknowledge the hard work and the commitment of Gateway Health staff and I would like to thank Leigh Rhode for overseeing another challenging, but hugely productive, year at the helm.

Finally I would like to thank my fellow Directors for their time, their diligence in probing and asking the right questions, and for their leadership and good governance of Gateway Health.

Catherine Upcher, Chairperson  
Gateway Health

# THE BOARD

The Board operates under Governance principles, which means that Gateway Health has an effective control environment in which business risks are properly identified and managed. This in turn gives us a clear operational framework through which the organisation will achieve its strategic objectives.

Currently the Board of Directors is made up of community members who have been duly elected. If you are interested in contacting any of our Board Members, please make enquiries through reception services at 155 High St, Wodonga.



**Catherine Upcher - Chairperson**

Catherine is a resident of Kancoona and prior to her recent retirement was the CEO of Rural Housing Network Limited.



**Klaus Baumgartel - Deputy Chair**

Klaus is a resident of Beechworth and the Regional Coordinator of the NSW Industry Capability Network.



**Michael Ferris - Treasurer**

Michael is a resident of Kilmore. He is an Accountant, GAICD and Principal of his accounting practice.



**Dr Guin Threlkeld**

Guin is a resident of Ettamogah and the Head of School at La Trobe University Albury/Wodonga Campus.



**Ruth Davenport**

Ruth Davenport is a resident of Markwood and prior to her retirement was a General Manager for Mind Australia.



**Felicity Williams**

Felicity is a resident of Corowa and is the CEO of The Centre at Wangaratta. Felicity also lectures in marketing at Federation University.



**David Koschitzke**

David is a resident of Albury and is a Director of Harris Lieberman Solicitors Pty. Ltd.



**Geoff Lowe**

Geoff is a resident of Albury, director of Proven Products Pty. Ltd. and sits on a few other boards.

# DIRECTOR'S REPORT

The directors present their report, together with the financial statements of Gateway Health Limited (referred to hereafter as the 'Company') for the financial year ended 30 June 2019 and the auditor's report thereon.

## DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report:

- Catherine Upcher – Chairperson (appointed 2007)
- Anthony Howard – Deputy Chair (appointed 2011 and resigned October 2018)
- Michael Ferris – Treasurer (appointed 2010)
- Klaus Baumgartel (appointed 1997)
- Guinever Threlkeld (appointed 1997)
- Felicity Williams (appointed 2015)
- David Koschitzke (appointed 2017)
- Ruth Davenport (appointed 2018)
- Geoffrey Lowe (appointed 2018)

## COMPANY SECRETARY

Ms Leigh Rhode (Chief Executive Officer) holds the position of Company Secretary.

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the year were the provision of primary health and welfare service at sites in Wodonga, Wangaratta and Myrtleford in Victoria, and through outreach services provided across North East Victoria and Southern NSW.

## REVIEW OF OPERATIONS

The net operating profit/(loss) of the Company for the year ended 30 June 2019 was (\$2,191,785) (2018: surplus \$1,373,225).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In April 2019 Gateway Health decided to cease operating in home services to clients based in the Tatura area. All elements of this service were finalised at 30 June 2019.

## EVENTS SUBSEQUENT TO BALANCE DATE

No events subsequent to balance date.

## LIKELY DEVELOPMENTS

No material likely developments are foreseen at this time that may affect the Company's operations.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

## INDEMNITY AND INSURANCE OF OFFICERS

No indemnities have been given or insurance premiums paid by the Company, during or since the end of the financial year, for any person who is or has been a Director or officer of the Company.

During the financial year the Victorian Department of Health and Human Services paid a premium to insure the Company's directors and officers in respect to liabilities that may arise from their position as directors and officers of the Company.

## INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor independence declaration for the year ended 30 June 2019 has been received and is set out immediately after this directors' report.

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

On behalf of the directors



Catherine Upcher  
Chairperson



Michael Ferris  
Treasurer

Dated on 30 October 2019 Wodonga

**LEAD AUDITOR'S INDEPENDENCE DECLARATION**

To: The Directors of Gateway Health Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there has 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.

**CROWE ALBURY****BRADLEY D BOHUN**

Partner

Dated at Albury this 30th day of October 2019

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.*

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		2019	2018
	Notes	\$	\$
<b>REVENUE</b>	2	26,741,230	26,191,816
Employee related expenses		22,940,183	20,306,964
Depreciation		1,227,357	1,113,384
Finance costs		7,441	8,384
Program expenses		359,143	485,223
Motor vehicle expenses		250,776	226,786
Occupancy expenses		486,038	413,696
Other expenses		2,295,825	2,235,962
Loss from sale of non-current assets		(42,385)	28,192
Impairment expenses		1,408,637	-
		<b>28,933,258</b>	<b>24,818,591</b>
<b>Surplus before income tax</b>		(2,191,785)	1,373,225
Income tax expense	1(c)	-	-
<b>Net surplus for the year</b>		(2,191,785)	1,373,225
Other comprehensive income		-	-
<b>Total comprehensive result for the year</b>		<b>(2,191,785)</b>	<b>1,373,225</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

		2019	2018
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	5,718,878	5,904,045
Trade and other receivables	4	377,445	228,794
Other	5	163,875	91,290
<b>Total current assets</b>		<b>6,260,198</b>	<b>6,224,129</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	17,483,253	19,469,356
Total non-current assets		17,483,253	19,469,356
<b>Total assets</b>		<b>23,743,451</b>	<b>25,693,485</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	834,506	847,694
Employee provisions	8	2,320,092	2,221,940
Borrowings	9	-	39,939
Other	10	261,765	151,874
<b>Total current liabilities</b>		<b>3,416,363</b>	<b>3,261,447</b>
<b>Non-current liabilities</b>			
Employee provisions	11	631,275	544,440
Borrowings	12	-	-
<b>Total non-current liabilities</b>		<b>631,275</b>	<b>544,440</b>
<b>Total liabilities</b>		<b>4,047,638</b>	<b>3,805,887</b>
<b>Net assets</b>		<b>19,695,813</b>	<b>21,887,598</b>
<b>EQUITY</b>			
Accumulated surplus		19,695,813	21,887,598
<b>Total equity</b>		<b>19,695,813</b>	<b>21,887,598</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

	2019	2018
	\$	\$
Accumulated surplus at the beginning of the financial year	21,887,598	20,514,373
Net surplus (deficit) for the year	(2,191,785)	1,373,225
Other comprehensive income	-	-
Accumulated surplus at the end of the financial year	19,695,813	21,887,598

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

		2019	2018
	Notes	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from – Government grants		20,074,378	19,892,453
Receipts from – Other		8,696,737	8,289,214
Payments to suppliers and employees		(28,461,489)	(25,624,387)
		<b>309,626</b>	<b>2,557,280</b>
Interest received		160,093	106,626
Finance costs		(7,441)	(8,384)
<b>Net cash inflow (outflow) from operating activities</b>	13	<b>462,278</b>	<b>2,655,522</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant & equipment		(773,575)	(1,583,308)
Proceeds from sale of property, plant & equipment		166,069	113,114
<b>Net cash inflow (outflow) from investing activities</b>		<b>(607,506)</b>	<b>(1,470,194)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		(39,939)	(4,328)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(39,939)</b>	<b>(4,328)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>(185,167)</b>	<b>1,181,000</b>
Cash and cash equivalents at the beginning of the financial year		5,904,045	4,723,045
<b>Cash and cash equivalents at the end of the financial year</b>	3	<b>5,718,878</b>	<b>5,904,045</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Gateway Health Ltd ("the Company") as an individual entity, incorporated and domiciled in Australia. Gateway Health Ltd is a company limited by guarantee.

The financial statements were authorised for issue on 30 October 2019 by the directors of the Company.

### (a) Basis of accounting

The Company is not a reporting entity because in the opinion of the directors there are no users dependent upon general purpose financial statements.

These are special purpose financial statements that have been prepared for the sole purpose of complying with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 to prepare and distribute financial statements to the members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The entity has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the entity has elected to apply options and exemptions within the AIFRS which are applicable to not-for-profit entities.

The financial statements have been prepared in accordance with applicable Accounting Standards and Australian Accounting Interpretations with the exception of the disclosure requirements of the following:

AASB 7 - Financial Instruments: Disclosures

AASB 9 - Financial Instruments

AASB 13 - Fair Value Measurement

AASB 119 - Employee Benefits

AASB 124 - Related Party Disclosures

AASB 132 - Financial Instruments: Presentation

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative information has been reclassified where appropriate to enhance comparability.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies adopted have been consistently applied, unless otherwise stated and are consistent with those of the previous year.

### (b) Revenue recognition

#### (I) GRANTS AND OTHER CONTRIBUTIONS

Grants and other contributions are generally recognised as revenue when the Company obtains control over the granted asset. Control over granted assets normally occurs at the time they are received. Where funds are received and held on behalf of a third party and the Company has no control over the disbursement of such funds, or where funds are received in advance for a project commencing in the following year, these funds are treated as a liability called either 'funds held in trust' or 'grants in advance' (refer Note 10).

#### (II) CLIENT FEES AND BROKERAGE

Client fees are recognised as revenue following the provision of services to clients.

#### (III) INTEREST

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

### (c) Income tax

Income tax is not provided for in the financial statements as the Company is recognised as tax exempt under the Income Tax Assessment Act and therefore not subject to tax.

#### **(d) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of any outstanding bank overdrafts.

#### **(e) Trade and other receivables**

Trade and other receivables are stated at their cost less any allowance for expected credit losses (refer Note 1(h)). Receivables are due for settlement no more than 30 days from the date of recognition unless specific payment arrangements have been approved.

#### **(f) Property, plant and equipment**

The purchase method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets at the date of acquisition plus incidental costs directly attributable to the acquisitions. Items with a cost in excess of \$1,000 are recognised as an asset. All other assets acquired are expensed. Land is not depreciated. Depreciation has been calculated on a straight line basis in order to write off the cost of assets over their expected useful lives. The expected useful lives are as follows:

Buildings	40 years
Computer equipment	3 years
Plant and equipment	10 years
Furniture and fittings	10 years
Motor vehicles	8 years

Maintenance and repair costs are charged as expenses as they are incurred.

#### **(g) Leases**

Operating lease payments are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased asset

#### **(h) Impairment of assets**

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss. As the Company is a not-for-profit entity, the value in use is the depreciated replacement cost of the asset.

#### **(i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(j) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(k) Employee provisions**

##### SHORT-TERM EMPLOYEE PROVISIONS

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 before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and oncosts. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

##### OTHER LONG-TERM EMPLOYEE PROVISIONS

Provision is made for employees' long service leave 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. Other long-term employee benefits 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 re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

The Company's obligations for long-term employee benefits are presented as non-current employee provisions in its 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 employee provisions.

## **(l) Accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements 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. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

- the value of land, buildings, plant and equipment (refer to Note 1 (f))
- the determination of depreciation for buildings, plant and equipment (refer to Note 1 (f))
- the determination of employee provisions (refer to Note 1 (k))

## **(m) New or amended accounting standards and interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

### **AASB 9 FINANCIAL INSTRUMENTS**

The Company has adopted AASB 9 from 1 July 2018.

AASB 9 replaced the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement.

AASB 9 included revised guidance on the classification and measurement of financial instruments.

Furthermore, AASB 9 introduced a new 'expected' credit loss model for calculating impairment on financial assets. This moved away from the current 'incurred' loss model required under AASB 139.

Under the expected credit loss model, the Company has considered a broader range of information when assessing credit risk and measuring expected credit losses including past experience of historical losses for similar financial instruments.

The trade and other receivables balance in the statement of financial position is stated on a gross basis i.e. no allowance for expected credit losses.

Due to limited historical losses and a nil allowance for expected credit losses, there has been minimal impact to the calculation of impairment under AASB 9.

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018.

## **(n) New accounting standards and interpretations issued not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period ended 30 June 2019.

The Company has not applied any pronouncements before their operative date in the current reporting period beginning 1 July 2018.

The Company's preliminary assessment of the impact of the new standards and interpretations is set out below.

### **EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER 1 JULY 2019**

- AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Based on preliminary assessments to date, these standards may affect the timing of the recognition of some grants. However, the standards are not expected to have a material impact on Company's overall financial position, financial performance or cash flows.

- AASB 16 Leases

The Company is currently a party to leases that are not recognised in the Statement of Financial Position. These include lease of various technological hardware, such as computers and printers/photocopiers.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Operating lease expenses will decrease, and interest and depreciation expense will increase.

The standard is not expected to have a material impact on Company's future financial statements.

## 2. REVENUE

	2019	2018
	\$	\$
<b>REVENUE FROM OPERATING ACTIVITIES</b>		
State Government Grants	11,889,037	11,708,135
Commonwealth Government Grants	6,360,397	6,375,913
Other Grants	839,295	782,678
Brokerage fees	295,882	528,919
Client Fees	4,321,534	4,514,144
	<b>23,706,145</b>	<b>23,909,789</b>
<b>REVENUE FROM OUTSIDE OPERATING ACTIVITIES</b>		
State Government Grants - capital	200,000	284,000
Commonwealth Government Grants - capital	-	200,000
Donations	63,948	77,369
Rental Income	298,373	307,997
NDIS	1,708,209	438,801
Interest received/receivable	160,093	106,626
Other	604,462	867,234
	<b>3,035,085</b>	<b>2,282,027</b>
<b>TOTAL REVENUE</b>	<b>26,741,230</b>	<b>26,191,816</b>

### 3. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Petty Cash	2,580	2,580
NAB Corporate Cheque Account	625,460	3,661,104
Gifts & Donations Account	52,847	38,470
Headspace Donations	119,458	128,397
Community Care Deposit Account	-	56,065
ANZ Term Deposit	1,035,450	1,017,429
Westpac Term Deposit	1,026,500	1,000,000
UHPCP Term Deposit	189,006	-
ANZ Term Deposit No. 2	1,667,577	-
Westpac Term Deposit No. 2	1,000,000	-
	<b>5,718,878</b>	<b>5,904,045</b>
<b>RESTRICTIONS ON CASH</b>		
Current employee entitlements (note 8)	2,320,092	2,221,940
Non-current employee entitlements (note 11)	631,275	544,440
Grants in advance (note 10)	-	79,116
Funds held in trust & primary care partnership funds (note 10)	261,765	72,758
Unexpended grants (note 14)	1,680,090	1,204,671
	<b>4,893,222</b>	<b>4,122,925</b>

The above highlights that the restrictions on cash do not exceed cash reserves by \$825,656. In 2018 the cash restrictions on cash did not exceed cash reserves by \$1,781,120.

The restriction on cash includes internally imposed restrictions for the funding of employee entitlements of \$2,951,367 (2018: \$2,766,380) which are not likely to require full payment in the next 12 months.

### 4. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Trade Debtors	377,445	228,794

The directors are of the opinion that all debtors are collectible and no provision for doubtful debts is required.

## 5. CURRENT ASSETS – OTHER

	2019	2018
	\$	\$
Prepayments	163,875	91,290

## 6. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
<b>LAND</b>		
Land at cost	2,495,279	2,884,053
<b>BUILDINGS</b>		
Buildings at cost	12,693,423	13,713,286
Less: accumulated depreciation	(1,629,928)	(1,355,663)
	<b>11,063,495</b>	<b>12,357,623</b>
<b>PLANT &amp; EQUIPMENT</b>		
Plant & equipment at cost	355,256	1,948,315
Less: accumulated depreciation	(295,150)	(1,853,452)
	<b>60,106</b>	<b>94,863</b>
<b>MOTOR VEHICLES</b>		
Motor vehicles at cost	1,333,815	1,336,589
Less: accumulated depreciation	(396,839)	(431,866)
	<b>936,976</b>	<b>904,723</b>
<b>FURNITURE &amp; FITTINGS</b>		
Furniture & fittings at cost	4,427,354	4,372,437
Less: accumulated depreciation	(2,083,201)	(1,875,244)
	<b>2,344,153</b>	<b>2,497,193</b>
<b>COMPUTER EQUIPMENT</b>		
Leasehold improvements at cost	984,678	747,966
Less: accumulated depreciation	(510,133)	(234,577)
	<b>474,545</b>	<b>513,389</b>
Works in Progress – at cost	108,699	217,512
<b>Total property, plant &amp; equipment</b>	<b>17,483,253</b>	<b>19,469,356</b>

## 6. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
<b>LAND</b>		
Land at cost	2,495,279	2,884,053
<b>BUILDINGS</b>		
Buildings at cost	12,693,423	13,713,286
Less: accumulated depreciation	(1,629,928)	(1,355,663)
	<b>11,063,495</b>	<b>12,357,623</b>
<b>PLANT &amp; EQUIPMENT</b>		
Plant & equipment at cost	355,256	1,948,315
Less: accumulated depreciation	(295,150)	(1,853,452)
	<b>60,106</b>	<b>94,863</b>
<b>MOTOR VEHICLES</b>		
Motor vehicles at cost	1,333,815	1,336,589
Less: accumulated depreciation	(396,839)	(431,866)
	<b>936,976</b>	<b>904,723</b>
<b>FURNITURE &amp; FITTINGS</b>		
Furniture & fittings at cost	4,427,354	4,372,437
Less: accumulated depreciation	(2,083,201)	(1,875,244)
	<b>2,344,153</b>	<b>2,497,193</b>
<b>COMPUTER EQUIPMENT</b>		
Leasehold improvements at cost	984,678	747,966
Less: accumulated depreciation	(510,133)	(234,577)
	<b>474,545</b>	<b>513,389</b>
Works in Progress – at cost	108,699	217,512
<b>Total property, plant &amp; equipment</b>	<b>17,483,253</b>	<b>19,469,356</b>

## RECONCILIATIONS

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

	<b>WDV at 1 July 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>Revaluation/impairment</b>	<b>Depreciation</b>	<b>WDV at 30 June 2019</b>
Land	2,884,053	-	-	-	(388,774)	-	2,495,279
Buildings	12,357,623	-	-	-	(1,019,863)	(274,265)	11,063,495
Plant & equipment	94,863	27,105	-	-	-	(61,862)	60,106
Motor vehicles	904,723	343,460	-	(123,684)	-	(187,523)	936,976
Furniture & Fittings	2,497,193	25,950	249,162	-	-	(428,152)	2,344,153
Computer Equipment	513,389	194,271	42,440	-	-	(275,555)	474,545
Work in Progress	217,512	182,789	(291,602)	-	-	-	108,699
	<b>19,469,356</b>	<b>773,575</b>	<b>-</b>	<b>(123,684)</b>	<b>(1,408,637)</b>	<b>(1,227,357)</b>	<b>17,483,253</b>

## 7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	84,120	101,235
GST payable / PAYG	346,819	341,880
Accrued expenses	386,007	381,769
Other payables	17,560	22,810
	<b>834,506</b>	<b>847,694</b>

## 8. CURRENT LIABILITIES – EMPLOYEE PROVISIONS

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Provision for annual leave	1,137,570	1,045,090
Provision for long service leave	1,067,641	943,243
Provision for paid parental leave	4,390	4,344
Provision for award payments	110,491	229,263
	<b>2,320,092</b>	<b>2,221,940</b>

## 9. CURRENT LIABILITIES - BORROWINGS

	2019	2018
	\$	\$
Bendigo Bank Loan	-	39,939

SECURITY: The Bendigo Bank loan was secured by a first registered mortgage over the property known as 151-153 High Street Wodonga up until October 2018 when the mortgage was discharged.

## 10. CURRENT LIABILITIES – OTHER

	2019	2018
	\$	\$
Funds held in trust	72,758	72,758
Grants in advance	-	79,116
PCP-Growing Vic Funds in trust	189,007	-
	<b>261,765</b>	<b>151,874</b>

## 11. NON-CURRENT LIABILITIES – EMPLOYEE PROVISIONS

	2019	2018
	\$	\$
Provision for long service leave	631,275	544,440

## 12. NON-CURRENT LIABILITIES - BORROWINGS

	2019	2018
	\$	\$
Bendigo Bank Loan	-	-

SECURITY: Refer to Note 9 regarding security provided over borrowings.

## CREDIT STANDBY ARRANGEMENTS

	2019	2018
	\$	\$
<b>TOTAL FACILITIES</b>		
Bank redraw loan facility	-	2,292,084
<b>USED AT BALANCE DATE</b>		
Bank redraw loan facility	-	39,939
<b>UNUSED AT BALANCE DATE</b>		
Bank redraw loan facility	-	2,252,145

### 13. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES WITH OPERATING SURPLUS AFTER INCOME TAX

	2019	2018
	\$	\$
Net surplus for the year	(2,191,785)	1,373,225
Depreciation	1,227,357	1,113,384
(Profit)/Loss on sale of non-current assets	(42,385)	28,192
Impairment expense	1,408,637	-
(Increase)/Decrease in trade and other receivables	(148,651)	220,319
(Increase)/Decrease in other current assets	(72,585)	(23,413)
Increase/(Decrease) in creditors & accruals	(13,188)	(41,000)
Increase/(Decrease) in provisions	184,987	250,963
Increase/(Decrease) in other liabilities	109,891	(266,148)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>462,278</b>	<b>2,655,522</b>

### 14. CONTINGENT LIABILITIES

#### COMMONWEALTH GOVERNMENT DEED OF AGREEMENT

The Company has entered into a deed of agreement with the Commonwealth Government which stipulates that in return for receiving capital funding to construct the building located at 153 High Street, Wodonga it must use the property for specific purposes over a 20-year period from the date of completion. Should the Company breach this agreement a repayment obligation to the Commonwealth Government would arise. No liability has been brought to account in respect to this deed as the Company is committed to complying with the terms of the deed and therefore considers it unlikely that a liability would arise.

## 15. COMMITMENTS FOR EXPENDITURE

	2019	2018
	\$	\$
<b>OPERATING LEASES</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	53,877	52,047
Later than one year but not later than 5 years	214,917	23,670
	<b>268,794</b>	<b>75,717</b>
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
	2019	2018
	\$	\$
Counselling & support	39,664	100,495
Health promotion	29,721	-
Family Community & Culture	190,370	81,279
Primary Care Partnership	796,029	499,053
Auspiced funds	279,524	234,612
Alcohol & other drugs	101,990	122,698
Allied Health	26,583	36,947
Community inclusion	122,897	66,587
Aged Care & Assessment	14,237	-
Medical Practices	79,075	63,000
	<b>1,680,090</b>	<b>1,204,671</b>
<b>TOTAL COMMITMENTS</b>		
Within one year	1,733,967	1,256,718
Later than one year but not later than 5 years	214,917	23,670
	<b>1,948,884</b>	<b>1,280,388</b>

## 16. REMUNERATION OF AUDITORS

The amount received, or due and receivable, by the External Auditor of the Company (including GST) for:

	2019	2018
	\$	\$
Audit of the financial statements	21,417	20,790
Other services	2,915	2,915
<b>Total remuneration</b>	<b>24,332</b>	<b>23,705</b>

## DIRECTORS' DECLARATION

As noted in Note 1 to the financial statements, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements prepared to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements have been prepared in accordance with Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1.

The directors declare that the financial statements and notes set out on pages 5 to 19:

- (a) comply with Accounting Standards to the extent detailed above; and
- (b) give a true and fair view of the company's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Catherine Upcher  
Director



Michael Ferris  
Director

Dated at Wodonga 30 October 2019

# Gateway Health Limited

## Independent Auditor's Report to the Members of Gateway Health Ltd

### Opinion

We have audited the financial statements, being special purpose financial statements of Gateway Health Limited (the Company), which comprises the statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial statements of the Company is in accordance with the Division 60 of 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 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1(a) to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## **Other Information**

The directors are responsible for the other information. The other information comprises the information contained in the Company's Directors' Report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and the Directors for the Financial Statements**

Management is responsible for the preparation of the financial statements that gives a true and fair view in accordance with Australian Accounting and for such internal control as management determines is necessary to enable the preparation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the financial statements.

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 Company'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 Company'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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent 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 the audit.



**CROWE ALBURY**



**BRADLEY D BOHUN**

Partner

Dated at Albury this 30th day of October 2019



### **WANGARATTA**

45-47 Mackay Street Central,  
Wangaratta, VIC 3677  
T: (03) 5723 2000  
F: (03) 5722 2313



### **WODONGA**

155 High Street,  
Wodonga, VIC 3690  
T: (02) 6022 8888 or  
freecall 1800 657 573  
F: (02) 6024 5792



### **MYRTLEFORD**

32 Smith Street,  
Myrtleford, VIC 3737  
T: (03) 5731 3500



E: [info@gatewayhealth.org.au](mailto:info@gatewayhealth.org.au)  
W: [www.gatewayhealth.org.au](http://www.gatewayhealth.org.au)