

Financial Report 2020-2021



Ranges Community Health
t/a Inspiro

ABN: 14 188 575 324

Financial Statements

For the year ended 30 June 2021

Ranges Community Health t/a Inspiro

30 June 2021

CONTENTS	Page
Responsible Persons' Report	1
Auditor's Independence Declaration	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Responsible Persons' Declaration	36
Independent Auditor's Report	37

Ranges Community Health t/a Inspiro Responsible Persons' Report

Your directors present their Responsible Persons' Report of Ranges Community Health trading as Inspiro (Inspiro) for the year ended 30 June 2021.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Stephen Potter	Chairperson
Graham Warren	Deputy Chairperson
Alana Killen	Director
Linda Steane (Hancock)	Director
Helen Ruddell	Director
Katie Nitti (Yeaman)	Director
Kim Griffiths	Director (Appointed: 22 October 2020)
Vicki Doherty	Director (Appointed: 3 December 2020)
Diana Borgmeyer	Director (Resigned: 1 July 2021)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Inspiro during the financial year were to provide health services to the community.

No significant changes in the nature of Inspiro's principal activities occurred during the financial year.

Business objectives

Inspiro exists to inspire healthier lives. Inspiro does this by enhancing health and wellbeing for all people in the Yarra Ranges community through responsive, affordable, accessible and high-quality health care.

Review of operations

The surplus of Inspiro for the financial year ended 30 June 2021 was:

Year ended	Year ended
30 June 2021	30 June 2020
\$	\$
683,878	442,258

Due to the spread of the novel coronavirus (COVID-19) and the introduction of social isolation measures in Victoria throughout the reporting period in response to the pandemic, Inspiro was unable to meet a number of performance obligations under its funding agreements. During the year ended 30 June 2021, Inspiro received indications from its funding bodies that it would be supported throughout the pandemic.

Inspiro was also successful in obtaining confirmation from key funding bodies including the Department of Health (State) and Dental Health Services Victoria (DHSV), stating that there was no requirement to repay funds relating to 2020-21 specific programs where performance obligations had not been fulfilled due to the challenges presented by COVID-19. This resulted in the derecognition of \$1,941,909 contract liabilities and recognition of revenue for the year ended 30 June 2021, which would have otherwise been recognised as a contract liability in the statement of financial position until subsequent years when underlying performance obligations were fulfilled.

Ranges Community Health t/a Inspiro Responsible Persons' Report

Change in financial reporting framework

These financial statements are Inspiro's first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income and cash flows of Inspiro as a result of the change in the basis of preparation.

Performance measurement

Inspiro measures its own performance through the use of quantitative and qualitative objectives. The achievement of objectives are used by the directors to assess the financial and service provision performance of Inspiro and whether short-term and long-term objectives are being achieved.

Significant changes in the state of affairs

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Inspiro was required to comply with various restrictions announced by the Commonwealth and State Governments. During the financial year, Inspiro received approximately \$906,000 (2020: \$509,000) in financial support to assist with impacts of COVID-19.

Whilst the pandemic has impacted Inspiro's ability to deliver services and meet targets under its funding agreements, as an essential service, Inspiro has continued to provide services to clients where possible throughout this period of time, within the social distancing requirements imposed by the Commonwealth and State Government. Where possible, Inspiro has limited face to face services to emergency and essential services throughout the period of restrictions.

No further significant changes in Inspiro's state of affairs occurred during the financial year.

Strategic plan

Strategic priorities

Inspiro's priorities for 2019-22 are outlined below.

Priority Area 1: Our Community

- 1.1 To grow as a trusted and recognised health care provider.
- 1.2 To be the leading health care provider of choice in the Yarra Ranges by effectively meeting the current and emerging needs of the community.
- 1.3 To work collaboratively with partners and stakeholders to enhance the health and wellbeing of the community.
- 1.4 To create facilities that:
 - are welcoming
 - are inclusive and
 - reinforce our capability and expertise as high-quality providers of health care.

Ranges Community Health t/a Inspiro Responsible Persons' Report

Strategic priorities (continued)

Inspiro had a strong focus on ensuring client and staff safety with the onset of the pandemic. The impact of COVID-19 expectations such as social distancing, infection control and other response measures were alleviated with the refurbishment of the reception area and client waiting rooms. Relocation of corporate function staff to a new site increased space to expand client services at 17 Clarke Street.

Partnership and stakeholder initiatives were centred on COVID collaborative. A number of projects such as brand strengthening were delayed due to redirecting resources to supporting COVID communications.

Priority Area 2: Our People and Culture

- 2.1 To attract and retain a highly-skilled, capable and values-driven workforce.
- 2.2 To build the next generation of leaders at Inspiro.
- 2.3 To create a positive culture of collaboration, transparency and accountability.

Inspiro had hoped to focus on leadership development across the organisation however this changed to supporting staff to work and function effectively in working from home arrangements. Inspiro pivoted to supporting staff dealing with home schooling, travel limits and other difficulties, as this was more likely to contribute to a positive organisational culture and ultimately more effective support for our clients and community.

A risk assessment during the peak of COVID-19 disruption identified four major risks, one being Workforce Planning and Design. This is strongly linked to Service Models, another risk which will inform and influence our treatment of Workforce Planning and Design.

Priority Area 3: Our Sustainability and Growth

- 3.1 To grow in a sustainable and purposeful manner that meets the health needs of our community.
- 3.2 To enable more efficient service delivery.

Inspiro's goal to grow in mental health services was accomplished through increased Commonwealth funding and resulted in meeting a need that continues to surge. In light of a new COVID-19 normal, the Lilydale Youth Hub service model changed to accommodate the various limitations and our ongoing learnings.

Efficiency and growth rely on systems and processes that support informed decision making. Inspiro implemented a new finance system which went live 1 July 2020 and integrated it with a new payroll system in February 2021. The increased knowledge and understanding derived from these new systems will contribute to improvements across many facets of the organisation.

Inspiro identified information and communication technologies (ICT) as a major risk hence Inspiro conducted a comprehensive review of IT infrastructure which resulted in a roadmap to improve the current state and to position Inspiro to grow the services our community needs. The roadmap will be implemented in 2021/2022.

Members guarantee

Inspiro is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. Inspiro is registered with the Australian Securities and Investments Commission as well as the Australian Charities and Not-for-profits Commission.

In the event of, and for the purpose of winding up the company, the amount capable of being called up from each member and any person or associate who ceased to be a member in the year prior to the winding up, is limited to \$1 for each member. At 30 June 2021 the number of members was 58 (2020: 62).

Ranges Community Health t/a Inspiro Responsible Persons' Report

Events subsequent to the end of the reporting period

Subsequent to year-end, the State Government revised social isolation measures as appropriate based on the level of community transmission, which included the reintroduction of strict isolation measures from July 2021 for Melbourne and other parts of Victoria.

During this time Inspiro has continued to provide services to clients where possible whilst complying with social distancing requirements imposed by the State Government. Where possible, Inspiro has limited face to face services to emergency and essential services throughout the period of restrictions. At the date of the report, such restrictions have impacted Inspiro's ability to deliver services and meet targets under its funding agreements.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Inspiro, the results of the operations or the state of affairs of Inspiro in future financial years.

Environmental issues

Inspiro is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by Inspiro, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in Note 19 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in Inspiro's accounts, or the fixed salary of a full-time employee of Inspiro, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

Inspiro has indemnified all directors and the Chief Executive Officer in respect of liabilities to other persons (other than Inspiro or related body corporate) that may arise from their position as directors or Chief Executive Officer of Inspiro except where the liability arises out of conduct involving a lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. Inspiro has not provided any insurance for an auditor of Inspiro or a related body corporate.

Proceedings on behalf of Inspiro

No person has applied for leave of Court to bring proceedings on behalf of Inspiro or intervene in any proceedings to which Inspiro is a party for the purpose of taking responsibility on behalf of Inspiro for all or any part of those proceedings.

Inspiro was not a party to any such proceedings during the year.

Information on directors

Stephen Potter, Chairperson

Qualifications: Bachelor of Business, Accountant (CPA)
Experience: Working with not-for-profit organisations in financial management roles since 1982.
Extensive community involvement including sports administration.
Special Responsibilities: Chair Finance and Audit Committee.

Ranges Community Health t/a Inspiro Responsible Persons' Report

Information on directors (continued)

Graham Warren, Deputy Chairperson

Qualifications: Graduate Australian Institute of Company Directors (G.A.I.C.D)
Experience: Manufacturing Manager – Horizon Global Corporation. Former Councillor (7yrs) and Mayor (1yr), Yarra Ranges Council. Actively involved in local sporting and community groups. Former Board member of Agribusiness Yarra Valley and the Lilydale Museum Trust.
Special Responsibilities: Deputy Chairperson.

Alana Killen

Qualifications: Master of Business Administration, Master of Adult Education, Graduate Australian Institute of Company Directors (G.A.I.C.D)
Experience: RMIT Sessional Lecturer and Executive Coach and has own consulting business. Extensive and diverse background in education, leadership and management having worked across a variety of sectors including health, education and government.
Special Responsibilities: Chair Scholarship Committee.

Linda Steane (Hancock)

Qualifications: Senior Constable for Victoria Police and Crime Prevention Officer for Yarra Ranges Shire Council police service area
Experience: Actively involved in a number of community programs and community and traders groups in the Yarra Ranges Shire Council.

Helen Ruddell

Qualifications: Diploma of Leadership and Management
Experience: Has been at Yarra Ranges Council since 2017 and appointed Manager Economic Development and Investment in October 2019. With more than 15 years of experience in local government and more than 8 years of experience in retail banking. Extensive experience in building strong and engaged teams, collaborative partnerships and delivering positive community outcomes.

Katie Nitti (Yeaman)

Qualifications: Bachelor Nursing (pre registration) and Grad Dip Renal Nursing
Experience: Manager, Accreditation and Clinical Risk at Mercy Health and has a clinical background in Nursing specialising in Renal Nursing. With over 18 years in the health industry, holding various senior management roles in quality and safety across acute health.

Kim Griffiths

Qualifications: BA Occupational Therapy; Post Grad Dip Innovation & Design Thinking
Experience: Currently working at Safer Care Victoria as a leader of people and of State-wide healthcare improvement initiatives. Clinical Background in Occupational Therapy with specialisation in Hand Therapy. 25+ years of healthcare experience, working across the continuum from Emergency Department to Community Care in clinical, operational and leadership positions. Actively engaged in supporting the community, in particular through foster care and a Yarra Ranges homeless feeding program.

Vicki Doherty

Qualifications: Master of Public Health, Postgraduate Diploma of Education, Bachelor of Science (Honours) and Graduate Australian Institute of Company Directors (G.A.I.C.D)
Experience: Executive Director of the Australasian Menopause Society. Over 20 years experience in the public, not-for-profit and government sectors. Extensive experience in health policy development and implementation, and program management in the primary, acute and community health sectors.

Ranges Community Health t/a Inspiro Responsible Persons' Report

Information on directors (continued)

Diana Borgmeyer

Qualifications: AICD Financial Literacy Module

Experience: CEO Ansvar Risk Management Services. Extensive experience in delivering governance and risk management consulting services for public and private sector organisations involved in complex human service delivery.

Special Responsibilities: Chair Quality and Risk Governance Committee.

Meetings of directors

During the financial year, 11 meetings of directors were held. Inspiro also has two subcommittees, including the Finance and Audit Committee, and the Quality and Risk Governance Committee. Attendances by each director were as follows:

	Board of Directors		Finance and Audit Committee		Quality and Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Stephen Potter, Chairperson	11	11	12	11	-	-
Graham Warren, Deputy Chairperson	11	10	12	12	-	-
Alana Killen	11	9	8	8	4	4
Diana Borgmeyer	11	4	-	-	4	2
Linda Steane (Hancock)	11	8	-	-	-	-
Helen Ruddell	11	10	-	-	4	4
Katie Nitti (Yeaman)	11	10	-	-	4	4
Kim Griffiths (Appointed: 22 October 2020)	7	7	-	-	-	-
Vicki Doherty (Appointed: 3 December 2020)	5	4	4	4	-	-

Auditors' independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 7 of the financial report.

The Responsible Persons' report is signed in accordance with a resolution of the board of directors.



Stephen Potter, Chairperson



Graham Warren, Deputy Chairperson

Dated: 7 October 2021

Auditor-General's Independence Declaration

To the Board of Directors, Ranges Community Health

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Ranges Community Health for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



MELBOURNE
8 October 2021

Travis Derricott
as delegate for the Auditor-General of Victoria

Ranges Community Health t/a Inspiro Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from contracts with customers	2	8,681,718	7,856,096
Other income	2	1,505,275	1,427,122
Employee benefits expense		(7,900,386)	(7,068,369)
Depreciation expense	3	(226,955)	(145,052)
Finance costs	3	(2,166)	(1,024)
Professional fees		(525,872)	(398,172)
Office expenses		(151,070)	(150,709)
Occupancy expenses		(261,728)	(337,296)
Motor vehicle expenses		(24,803)	(28,856)
Program/health education expenses		(284,092)	(558,477)
Marketing and promotion expenses		(26,178)	(51,657)
Other expenses		(99,865)	(101,348)
Surplus before income tax expense		683,878	442,258
Income tax expense	1(c)	-	-
Surplus after income tax expense		683,878	442,258
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation decrement to land		(50,000)	-
Total comprehensive income for the year		633,878	442,258

Ranges Community Health t/a Inspiro

Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	4	4,726,084	2,233,312
Trade and other receivables	5	622,320	696,720
Investments	6	2,595,029	4,185,215
Other assets	7	75,683	73,596
Total current assets		8,019,116	7,188,843
Non-current assets			
Property, plant and equipment	8	1,946,570	1,613,877
Right-of-use assets	9	96,321	54,662
Total non-current assets		2,042,891	1,668,539
Total assets		10,062,007	8,857,382
Current liabilities			
Trade and other payables	10	523,731	499,176
Other liabilities	11	445,310	115,726
Lease liabilities	12	41,679	26,822
Employee benefit provisions	13	1,236,642	1,090,621
Total current liabilities		2,247,362	1,732,345
Non-current liabilities			
Lease liabilities	12	58,642	33,232
Employee benefit provisions	13	236,952	206,632
Total non-current liabilities		295,594	239,864
Total liabilities		2,542,956	1,972,209
Net assets		7,519,051	6,885,173
Equity			
Accumulated surplus		6,921,423	6,237,545
Asset revaluation surplus		597,628	647,628
Total equity		7,519,051	6,885,173

Ranges Community Health t/a Inspiro

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Accumulated Surplus \$	Asset Revaluation Surplus \$	Total Equity \$
Balance at 1 July 2019	5,795,287	647,628	6,442,915
Surplus for the year	442,258	-	442,258
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	442,258	-	442,258
Balance at 30 June 2020	6,237,545	647,628	6,885,173
Surplus for the year	683,878	-	683,878
Other comprehensive income for the year	-	(50,000)	(50,000)
Total comprehensive income for the year	683,878	(50,000)	633,878
Balance at 30 June 2021	6,921,423	597,628	7,519,051

Ranges Community Health t/a Inspiro

Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from clients and government grants		10,785,343	8,793,729
Payments to suppliers and employees		(9,920,084)	(9,528,295)
Interest received		26,937	105,688
Interest expense of lease liabilities		(2,166)	(1,024)
Low value lease payments		(5,976)	(4,520)
Other receipts		629,572	908,150
Net cash provided by operating activities	15	1,513,626	273,728
Cash flows from investing activities			
Payments for property, plant and equipment		(584,171)	(303,913)
Proceeds from sale of property, plant and equipment		8,183	-
Proceeds from investments		1,590,186	1,562,658
Net cash provided by investing activities		1,014,198	1,258,745
Cash flows from financing activities			
Repayment of lease liabilities		(35,052)	(10,226)
Net cash used in financing activities		(35,052)	(10,226)
Net increase in cash held		2,492,772	1,522,247
Cash and cash equivalents at the beginning of the financial year		2,233,312	711,065
Cash and cash equivalents at the end of the financial year	4	4,726,084	2,233,312

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies

The financial statements cover Ranges Community Health trading as Inspiro (Inspiro) as an individual entity, incorporated and domiciled in Australia. Inspiro is a not-for-profit company limited by guarantee.

The financial statements were authorised for issue on 7 October 2021 by the directors of Inspiro.

Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures developed by the Australian Accounting Standard Board in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Inspiro early adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* during the year. These financial statements are therefore Inspiro's first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income and cash flows of Inspiro as a result of the change in the basis of preparation.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of compliance

Inspiro does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Functional and presentation currency and rounding

These financial statements are presented in Australian dollars, which is Inspiro's functional currency. The amounts have been rounded to the nearest dollar.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

Impact of COVID-19 pandemic

Since the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Inspiro was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Inspiro operates.

Whilst this has impacted Inspiro's ability to deliver services and meet targets under its funding agreements, Inspiro is an essential service and has continued to provide services to clients where possible throughout this period of time, within the social distancing requirements imposed by the Commonwealth and State Government. Where possible, Inspiro has limited face to face services to emergency and essential services throughout the period of restrictions.

Inspiro was successful in obtaining confirmation from key funding bodies including the Department of Health (State) and Dental Health Services Victoria (DHSV), stating that there was no requirement to repay funds relating to 2020-21 specific programs where performance obligations had not been fulfilled at balance date due to the challenges presented by COVID-19.

Significant accounting policies

(a) Revenue

Government grants

When Inspiro receives revenue, it assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, Inspiro:

- identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, as services are rendered.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, Inspiro:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, Inspiro recognises revenue in profit or loss when or as it satisfies its obligations under the contract, unless a contract modification is entered into between all parties.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Inspiro's goods or services. Inspiro's funding bodies often direct that goods or services are to be provided to third-party beneficiaries, including individuals or the community at large on behalf of the funding body. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(a) Revenue (continued)

This policy applies to each of Inspiro's revenue streams, with information detailed below relating to Inspiro's most significant revenue streams. Inspiro's funding bodies include both Commonwealth and State Government funding bodies.

Customer	Significant program or activity
Department of Health (State)	Community Health
Department of Health (State)	Home and Community Care Allied Health
Dental Health Services Victoria	State Dental Health and National Partnership Program
Department of Health (Commonwealth)	Commonwealth Home Support Programme

The nature and timing of revenue related to each of the above significant programs or activities are disclosed below.

During the year ended 30 June 2021, the introduction of social isolation measures in Victoria in response to the COVID-19 pandemic has impacted Inspiro's ability to satisfy its performance obligations contained within funding agreements. Where applicable, this has been disclosed below.

Community Health

This program includes the provision of general counselling, allied health and nursing services. Inspiro's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. Inspiro uses the output method to measure its progress in satisfying its performance obligations.

Inspiro were unable to meet annual targets for the Community Health program due to COVID-19. The DoH (State) agreed to waive all unmet targets, resulting in the derecognition of approximately \$338k in contract liabilities and recognition of income for the year ended 30 June 2021.

Home and Community Care Allied Health

This program includes the provision of allied health services, including clinical assessments, treatment, therapy or professional advice. Inspiro's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. Inspiro uses the output method to measure its progress in satisfying its performance obligations.

Inspiro were unable to meet annual targets for the Home and Community Care Allied Health funding due to COVID-19 and staff vacancy. As no written confirmation has been received to indicate the funds relating to services yet to be provided can be kept, a contract liability of approximately \$113k has been recognised at balance date.

State Dental Health and National Partnership Program

This program includes the provision of public dental health services to members of the community. Inspiro's performance obligation is to provide a set number of activity units each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. Inspiro uses the output method to measure its progress in satisfying its performance obligations.

Inspiro were unable to meet annual targets for the State Dental Health and National Partnership Program due to COVID-19. DHSV agreed to still pay the full funding amount regardless of whether or not relevant targets were achieved, resulting in the derecognition of approximately \$1.6 million in contract liabilities and recognition of income for the year ended 30 June 2021.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(a) Revenue (continued)

Commonwealth Home Support Programme

This program provides a range of services, including podiatry, occupational therapy, physiotherapy, social work, dietitians and speech pathology. Inspiro's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. Inspiro uses the output method to measure its progress in satisfying its performance obligations.

Inspiro were unable to meet annual targets for the Commonwealth Home Support Programme funding due to COVID-19. Currently, the funding body has not provided a contract modification for such under delivery. Accordingly, Inspiro has recognised a contract liability of approximately \$254k at 30 June 2021.

Fee for service and contract income

Fee for service and contract income are earned from provision of services when performance obligations are either satisfied over time or at a point in time. Generally, the supply of health services under a contract with a customer will represent the satisfaction of a performance obligation at a point in time, which is when health advice and treatment are provided to the customer.

Capital grants

When Inspiro receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

Volunteer services

A not-for-profit entity may, as an accounting policy choice, elect to recognise volunteer services, if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Inspiro receives volunteer services from members of the community. Whilst the provision of such volunteer services are important to the achievement of Inspiro's objectives, as an accounting policy choice, Inspiro has elected not to recognise such volunteer contributions as revenue and expenditure within profit or loss. This election has no impact on Inspiro's surplus or net assets.

Donations and bequests

Donations and bequests are generally recognised upon receipt as they do not contain sufficiently specific and enforceable performance obligations.

Interest income

Interest income is recognised using the effective interest method.

Contributed assets

Inspiro may receive assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, Inspiro recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer. Inspiro recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amounts.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(a) Revenue (continued)

Government stimulus in response to COVID-19

In response to the economic impact of COVID-19, in March 2020, the Commonwealth Government announced various stimulus measures to ease the burden experienced by organisations as a result of isolation and social distancing measures. As an eligible employer, Inspiro received a wage subsidy under the Commonwealth's JobKeeper stimulus measure in arrears of paying wages to employees. Inspiro recognises the subsidy as other income when it has reasonable assurance that the subsidy will be paid, which is at the time minimum wage payments have been paid to Inspiro's employees.

All revenue is stated net of the amount of goods and services tax.

(b) Expenses

Inspiro recognises expenditure as it is incurred, which is reported in the financial year to which the expense relates. Further information regarding each of Inspiro's significant categories of expenditure which are not disclosed elsewhere within Note 1 to the financial report are detailed below.

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

Employee benefits expense

Employee benefits expense includes salaries and wages paid to employees (including fringe benefits tax, leave entitlements and termination payments) and on-costs (including superannuation guarantee contributions, leave loading and workers compensation premiums).

Program/health education costs

Program costs are comprised of program related expenses such as consumables, fees and fee for service commissions.

Other operating expenses

Other operating expenses represent the day to day running costs incurred in normal operations and include things such as:

- advertising and promotion
- occupancy and associated costs
- general administration expenses.

(c) Income tax

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Trade and other receivables

Trade and other receivables includes amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(e) Trade and other receivables (continued)

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1 (h) for further discussion on the determination of impairment losses.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Inspiro's property, plant and equipment are tangible items that are held for the use in the supply of services, for rental to others and for administrative purposes which Inspiro expects to use during more than one period.

Property

Freehold land is shown at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers.

Increases in the carrying amount arising on revaluation of land are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of asset are recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to profit or loss. Revaluation increases are recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (i) for details of impairment).

Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to Inspiro commencing from the time the asset is held ready for use.

The depreciation rates are consistent with the prior period. For each class of depreciable assets the depreciation rates are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	3-20%
Plant and equipment	10-20%
Motor vehicles	15%
Furniture and fittings	3-20%
Computer equipment	33%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Leases

Inspiro as lessee

Inspiro's lease portfolio includes leases of land and buildings and printers. The lease terms for each type of lease arrangement are:

Class of lease	Lease term
Land and buildings	2 - 50 years
Printers	3 years

At inception of a contract, Inspiro assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by Inspiro where Inspiro is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets (i.e. fair value less than \$10,000) are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at lease commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, Inspiro uses the incremental borrowing rate. Lease payments included in the measurement of the lease liability, where applicable, are as follows:

- fixed lease payments less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- lease payments under extension options, if the lessee is reasonably certain to exercise the options
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Inspiro is not exposed to any potential future increases in variable lease payments.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(g) Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that Inspiro anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

For leases that have significantly below-market terms and conditions principally to enable Inspiro to further its objectives (commonly known as peppercorn/concessionary leases), Inspiro has adopted the temporary relief under AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities* and measures the right-of-use assets at cost on initial recognition.

Inspiro leases a premise at 17 Clarke Street, Lilydale, from the Department of Health which represents the Victorian Government, which meets the definition of a peppercorn/concessionary lease. The lease commenced in October 2001 for a term of 20 years, with the option of two further terms of 10 years each. Under the terms of the lease agreement, Inspiro is required to pay \$12 per annum. The right-of-use asset and lease liability relating to this lease is estimated to be less than \$10,000 and is deemed trivial to the financial statements. As such, a right-of-use asset and lease liability has not been recognised on the statement of financial position.

Inspiro leases a premises at 1616-1624 Burwood Highway, Belgrave, from the Yarra Ranges Shire Council, which meets the definition of a peppercorn/concessionary lease. The lease commenced in February 2018 for a term of 10 years, with the option of four further terms of 10 years each. Under the terms of the lease agreement, Inspiro is required to pay \$282.50 per annum (incl. GST). The right-of-use asset and lease liability relating to this lease is estimated to be less than \$10,000 and is deemed trivial to the financial statements. As such, a right-of-use asset and lease liability has not been recognised on the statement of financial position.

Refer to Note 9 for further information regarding Inspiro's dependency on such lease arrangements. Each of Inspiro's lease arrangements are for use in the supply of goods or services, or for administrative purposes.

Inspiro as lessor

Inspiro has no lease arrangements under a sub-lease arrangement where it is a lessor.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when Inspiro becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that Inspiro commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

(ii) Financial assets

Financial assets are measured at amortised cost if both of the following criteria are met and the net assets are not designated at fair value through profit and loss:

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

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Inspiro recognises cash and cash equivalents and trade and other receivables in this category.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred
- all risk and rewards of ownership of the asset have been substantially transferred and
- Inspiro no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

Inspiro recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Inspiro uses the simplified approach, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. The approach is applicable to trade receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, Inspiro recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

The provision for expected credit losses is not considered material to the financial statements.

(i) Impairment of assets

At the end of each reporting period, Inspiro reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Inspiro which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation reserve for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Inspiro estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(j) Employee benefits

Short term employee benefits

Provision is made for Inspiro's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including salaries, wages, ADOs, annual leave and sick leave.

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. Inspiro's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position.

Long-term employee benefits

Inspiro classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Provision is made for Inspiro's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(k) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by Inspiro that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Contract liabilities

Contract liabilities represent Inspiro's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Inspiro recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Inspiro has transferred the goods or services to the customer.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(n) Provisions

Provisions are recognised when Inspiro has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Goods and Services Tax (GST)

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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(p) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

In the prior year, Other Assets included an amount relating to Works In Progress. As the amount relates to Property, Plant and Equipment the comparative figures at Note 7 and 8 have been amended to align with presentation in the current year. The reclassification has resulted in the comparative operating and investing cash flows being amended. The reclassification had no impact on the previously reported net result, net assets or total cash assets.

(q) Critical accounting estimates and judgements

The director's 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 Inspiro.

Key estimates

Impairment of assets

Inspiro assesses impairment at each reporting period by evaluating the conditions and events specific to Inspiro that may be indicative of impairment triggers. Recoverable amount of the relevant assets are reassessed using the value-in-use calculation which incorporates various key assumptions.

Useful lives of property, plant and equipment

Inspiro reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(q) Critical accounting estimates and judgements (continued)

Key judgements

Identifying performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

Determination and timing of revenue recognition under AASB 15

For each revenue stream, Inspiro applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation.

Fair value of land

Inspiro measures its land at fair value. Inspiro obtains independent valuations for such non-current assets at least every five years. At the end of each reporting period, the directors update their assessment of the fair value of each non-current asset to ensure the fair values recorded are materially correct.

The directors determine a non-current assets value using a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available the directors consider information from a variety of sources including current prices in an active market for assets of a different nature or recent prices of similar assets in less active markets.

The market approach is also used for land measured at fair value where there are restrictions associated with the asset and Inspiro is required to make adjustments to reflect the community service obligation (CSO) of the restrictions. The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. Note 8 provides further detail in relation to a restrictive covenant in place that limits the use of the land recognised and measured at fair value by Inspiro.

Whilst the directors believe the fair value of Inspiro's land recorded at fair value are at risk of being impacted by significant uncertainty that the COVID-19 Coronavirus has caused across Australia, the directors believe the fair values of such assets recorded at 30 June 2021 are considered materially correct given an independent valuation had been obtained on balance date.

Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that Inspiro will make.

Inspiro determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of Inspiro, in addition to the following:

- If there are significant penalties to terminate (or not to extend), Inspiro is typically reasonably certain to extend (or not terminate).

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(q) Critical accounting estimates and judgements (continued)

- If any leasehold improvements are expected to have a significant remaining value, Inspiro is typically reasonably certain to extend (or not terminate).
- Otherwise, Inspiro considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 30 June 2021, there are no potential future cash outflows excluded from the measurement of the lease liability as there are no such options to extend included in Inspiro's lease agreements.

Borrowing rate under AASB 16

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for Inspiro's leases, Inspiro's incremental borrowing rate is used, being the rate that Inspiro would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, Inspiro:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

Employee benefits

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

Inspiro assesses the long service leave liability in accordance with the requirements of AASB 119: *Employee Benefits* and applies probability factors reducing the balance of the liability on employees' balances that have not reached their vesting period i.e. not entitled to be paid out as at 30 June 2021. The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions). The probability rates have been determined based on past retention data.

Provision for expected credit losses

Current trade receivables are generally on 30-day terms. In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss. The provision for expected credit losses has been recorded in the financial statements.

(r) Economic dependence

Inspiro is dependent upon the Commonwealth and State Government, via the Department of Health and Dental Health Services Victoria, among other funding bodies, for the receipt of funding used to operate a significant portion of Inspiro's services. At the date of this report the directors have no reason to believe Inspiro's funding bodies will not continue to support Inspiro.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of significant accounting policies (continued)

(s) Fair value of assets and liabilities

Inspiro measures some of its assets and liabilities at fair value either on a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

"Fair value" is the price Inspiro would sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Inspiro at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset and minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and Inspiro's own equity instrument (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(t) Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Inspiro and their potential impact when adopted in future periods is outlined below:

- AASB 2020-8: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (applicable for reporting periods commencing on or after 1 January 2021). Adoption of this standard is not expected to have a material impact.
- AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.
- AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.
- AASB 17: *Insurance Contracts* (applicable for reporting periods commencing on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Inspiro in future periods.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 2. Revenue and other income	Note	2021 \$	2020 \$
Revenue from contracts with customers	2(a)	8,681,718	7,856,096
Other sources of income	2(b)	1,505,275	1,427,122
Total revenue and other income		10,186,993	9,283,218
(a) Disaggregated revenue			
Inspiro has disaggregated revenue by the nature of revenue and timing of revenue recognition.			
Categories of disaggregation			
Operating grants		5,785,335	5,971,325
Other government grants		481,114	388,972
Fee for service		403,028	441,633
Contract income		2,012,241	1,054,166
Total disaggregated revenue from contracts with customers under AASB 15		8,681,718	7,856,096
Timing of revenue recognition			
Services transferred to customers:			
- at a point in time		2,415,269	1,495,799
- over time		6,266,449	6,360,297
		8,681,718	7,856,096
(b) Other sources of income			
Interest income		26,937	93,031
COVID-19 government stimulus		906,000	508,500
Other revenue		572,338	825,591
Total other sources of income		1,505,275	1,427,122
Note 3. Expenses			
(a) Depreciation expense			
Property, plant and equipment:			
- Leasehold improvements		38,229	12,196
- Plant and equipment		30,772	31,577
- Motor vehicles		26,580	26,627
- Furniture and fittings		10,422	7,241
- Computer equipment		87,292	51,793
		193,295	129,434
Right-of-use assets:			
- Leased land and buildings		31,819	15,618
- Leased printers		1,841	-
		33,660	15,618
Total depreciation expense		226,955	145,052

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

		2021	2020
		\$	\$
Note 3.	Expenses (continued)		
	(b) Finance costs		
	- Lease liabilities	2,166	1,024
	(c) Auditor remuneration		
	Audit and assurance services:		
	- Audit of the financial report	22,500	20,000
	(d) Low value lease expenses		
	- Low value lease expenses	5,976	4,520
Note 4.	Cash and cash equivalents		
	Cash on hand	1,940	1,840
	Cash at bank	4,724,144	2,231,472
	Total cash and cash equivalents	4,726,084	2,233,312
	Short term bank deposits are highly liquid investments with a maturity of three months or less.		
Note 5.	Trade and other receivables		
	Trade receivables	383,798	220,173
	Other receivables	238,522	476,547
	Total trade and other receivables	622,320	696,720
Note 6.	Investments		
	Term deposits at amortised cost	2,595,029	4,185,215
	Term deposits at amortised cost receive average interest rates of 0.69% (2020: 1.87%).		
Note 7.	Other assets		
	Prepayments	75,683	73,596

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 8. Property, plant and equipment	2021	2020
	\$	\$
Land		
At fair value	900,000	950,000
Leasehold improvements		
At cost	578,254	238,305
Less accumulated depreciation	(70,141)	(34,616)
	508,113	203,689
Plant and equipment		
At cost	327,352	340,418
Less accumulated depreciation	(188,464)	(166,522)
	138,888	173,896
Motor vehicles		
At cost	289,837	289,837
Less accumulated depreciation	(270,329)	(243,749)
	19,508	46,088
Furniture and fittings		
At cost	150,521	108,570
Less accumulated depreciation	(69,733)	(79,143)
	80,788	29,427
Computer equipment		
At cost	387,337	210,255
Less accumulated depreciation	(187,695)	(119,803)
	199,642	90,452
Work in progress	99,631	120,325
Total property, plant and equipment	1,946,570	1,613,877

Movements in carrying amounts:

Movements in carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

	Land	Leasehold improvement	Plant and equipment	Motor vehicles
Balance at 1 July 2020	950,000	203,689	173,896	46,088
Additions	-	344,927	-	-
Disposals	-	(2,274)	(4,236)	-
Revaluation decrement	(50,000)	-	-	-
Depreciation expense	-	(38,229)	(30,772)	(26,580)
Reallocation	-	-	-	-
Balance at 30 June 2021	900,000	508,113	138,888	19,508

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 8. Property, plant and equipment (continued)

	Furniture and fittings	Computer equipment	Work in progress	Total
Balance at 1 July 2020	29,427	90,452	120,325	1,613,877
Additions	63,456	196,482	99,631	704,496
Disposals	(1,673)	-	-	(8,183)
Revaluation decrement	-	-	-	(50,000)
Depreciation expense	(10,422)	(87,292)	-	(193,295)
Reallocation	-	-	(120,325)	(120,325)
Balance at 30 June 2021	80,788	199,642	99,631	1,946,570

Fair value measurement of freehold land:

Inspiro measures land at the Belgrave site at fair value on a recurring basis.

The fair value measurements of Inspiro's freehold land as at 30 June 2021 was performed by Value It Property Valuers, independent valuers not related to Inspiro. Value It Property Valuers are members of the Australian Property Institute, and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties, and the restrictive nature of the 173 Agreement, making an appropriate allowance for the effect this has on the land.

Inspiro's land at Belgrave is currently encumbered by a peppercorn lease between Inspiro and Yarra Ranges Shire Council for the Belgrave Hub for a term of 10 years, with four further 10-year options available, the arrangement of which commenced in February 2018.

Although Inspiro is able to retain its title to the land which is part of the development, the restrictive covenant in place limits the use of the land specified under section 5.1 of the agreement with the council. The long-term objectives of Inspiro and the joint arrangement with the council suggest that Inspiro is less likely to realise the value of the land on the open market.

Therefore, this covenant posts a significant restriction on the fair value of the land. Given this condition, the directors of Inspiro believe that the current use of the land is considered to be its highest and best use.

There was a change in valuation technique during the year. An independent valuation was obtained at 30 June 2021 to estimate the fair value of land, whereas the fair value was previously estimated with reference to a council rates notice. The change in valuation techniques did not result in a material change in fair value of land.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 9. Right-of-use assets	2021	2020
	\$	\$
Leased land and buildings		
At cost	129,033	70,280
Accumulated depreciation	(47,437)	(15,618)
	81,596	54,662
Leased printer		
At cost	16,566	-
Accumulated depreciation	(1,841)	-
	14,725	-
Total right-of-use assets	96,321	54,662
<i>Amounts recognised in profit or loss</i>		
Depreciation charge related to right-of-use assets	(33,660)	(15,618)
Interest expense on lease liabilities	(2,166)	(1,024)
	(35,826)	(16,642)

Movements in carrying amounts

Movements in carrying amounts for each class of right-of-use asset between the beginning and end of the current financial year.

	Leased land and buildings	Leased printer	Total
	\$	\$	\$
Balance at 1 July 2020	54,662	-	54,662
Additions	58,753	16,566	75,319
Depreciation expense	(31,819)	(1,841)	(33,660)
Balance at 30 June 2021	81,596	14,725	96,321

Options to extend or terminate

Options to extend are contained in all of Inspiro's property lease agreements, including peppercorn leases. These clauses provide Inspiro with the opportunity to align its lease arrangements in order to meet its strategic objectives. The extension options are only exercisable by Inspiro. The extension options are only probable to be exercised for the peppercorn leases, and therefore have been excluded from the calculation of the right-of-use assets for other lease arrangements. Inspiro's printer lease agreements do not contain any options to extend for a further term.

Concessionary/peppercorn lease

Inspiro holds a 20-year concessionary lease (with two further term options of 10 years each), with the Department of Health, which represents the Victorian Government, for the use of land and buildings located at 17 Clarke Street, Lilydale, which are used to conduct day to day operations. The lease payments are \$12 per annum, payable yearly in advance.

Inspiro holds a 10-year concessionary lease (with the option of four further terms of 10 years each), with the Yarra Ranges Shire Council, for the use of land and buildings located at 1616-1620 Burwood Highway, Belgrave, which are used to conduct day to day operations. The lease payments are \$282.50 per annum (incl-GST) per annum, payable yearly in advance.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 9. Right-of-use assets (continued)

The leases are measured at cost in accordance with Inspiro's accounting policy as outlined in Note 1(g). The right-of-use assets and lease liabilities relating to this lease are estimated to be less than \$10,000 and are deemed trivial to the financial statements. As such, a right-of-use asset and lease liability has not been recognised on the statement of financial position. Inspiro is dependent on the leases to further its objectives. Without these concessionary leases, Inspiro's service delivery to the community would be impacted.

		2021	2020
	Notes	\$	\$
Note 10. Trade and other payables			
Trade payables		121,946	144,434
Accrued expenses and other payables		401,785	354,742
Total trade and other payables		523,731	499,176
<i>Financial liabilities classified as trade and other payables</i>			
Trade and other payables:			
- Total current		523,731	499,176
Less amounts payable to the Australian Taxation Office		(262,455)	(283,058)
Total financial liabilities classified as trade and other payables	20	261,276	216,118
Note 11. Other liabilities			
Department of Health (Commonwealth)		253,849	88,613
Department of Health (State)		127,694	-
Other Contractual Liabilities		63,767	27,113
Total contract liabilities		445,310	115,726
Note 12. Lease liabilities			
<i>CURRENT</i>			
Lease liability		41,679	26,822
<i>NON-CURRENT</i>			
Lease liability		58,642	33,232
Total present value of lease liability	20	100,321	60,054
<i>Future lease payments included in measurement of lease liability</i>			
The present value of future lease payments due at the end of the reporting period are as follows:			
- Not later than one year		41,679	26,822
- Later than one year and not later than five years		58,642	33,232
		100,321	60,054

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
Note 13. Employee benefit provisions	\$	\$
<i>Current</i>		
Provision for annual leave	464,525	410,134
Provision for long service leave	772,117	680,487
Total current provisions	<u>1,236,642</u>	<u>1,090,621</u>
<i>Non-Current</i>		
Provision for long service leave	<u>236,952</u>	<u>206,632</u>
Total employee benefits	<u><u>1,473,594</u></u>	<u><u>1,297,253</u></u>
<i>Movements in provisions</i>		
	Annual leave	LSL leave
	\$	\$
Carrying amount as at 1 July 2020	410,134	887,119
Leave entitlements accrued	419,622	250,225
Leave taken and/or paid out	(365,231)	(27,293)
Leave reversed upon termination	-	(100,982)
Carrying amount as at 30 June 2021	<u><u>464,525</u></u>	<u><u>1,009,069</u></u>

Provisions for employee benefits represents amounts accrued for annual leave, accrued days off, accrued time in lieu and long service leave.

The current portion for this provision includes the total amount accrued for annual leave, accrued days off, time in lieu entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, Inspiro does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since Inspiro does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1 (j) and key judgements are in Note 1(q).

Note 14. Asset revaluation surplus

The asset revaluation surplus records revaluations of freehold land. A reconciliation of movements to/(from) the asset revaluation reserve via other comprehensive income is disclosed as follows.

	Land	Total
	\$	\$
Balance at 1 July 2020	<u>647,628</u>	<u>647,628</u>
Revaluation decrements	(50,000)	(50,000)
Balance at 30 June 2021	<u><u>597,628</u></u>	<u><u>597,628</u></u>

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
Note 15. Cash flow information	\$	\$
Reconciliation of surplus to net cash provided by operating activities		
Surplus after income tax expense	683,878	442,258
Non cash items included in surplus after income tax expense:		
- depreciation expense	226,955	145,053
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	74,400	(774,466)
- (Increase)/decrease in other assets	(2,087)	9,244
- Increase/(decrease) in trade and other payables	24,555	(166,679)
- Increase/(decrease) in contract liabilities	329,584	491,069
- Increase/(decrease) in employee benefit provisions	176,341	127,249
Net cash flows provided by operating activities	<u>1,513,626</u>	<u>273,728</u>

Note 16. Capital commitments

There are no capital expenditure commitments contracted for but not capitalised in the financial statements (2020: nil).

Note 17. Contingent liabilities and contingent assets

Inspiro's directors are not aware of any contingent liabilities or assets as at the date of signing this financial report (2020: nil).

Note 18. Events after the reporting period

Subsequent to year-end, the State Government revised social isolation measures as appropriate based on the level of community transmission, which included the reintroduction of strict isolation measures from July 2021 for Melbourne and other parts of Victoria.

During this time Inspiro has continued to provide services to clients where possible whilst complying with social distancing requirements imposed by the State Government. Where possible, Inspiro has limited face to face services to emergency and essential services throughout the period of restrictions. At the date of the report, such restrictions have impacted Inspiro's ability to deliver services and meet targets under its funding agreements.

There have been no other events subsequent to the balance sheet date that have an impact that would require disclosure in the financial statements or notes there of.

Note 19. Director and related party disclosures

Key Management Personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Inspiro, directly or indirectly.

The KMP of Inspiro are deemed to be the:

- Board of Directors
- Chief Executive Officer
- Managers in Primary Care, Dental and Corporate Services

Outside of normal citizen type transactions with Inspiro, there were no related party transactions that involved KMP, their close family members and their personal business interests. There were no related party transactions required to be disclosed for the 2020-2021 year.

Ranges Community Health t/a Inspiro

Notes to the Financial Statements

For the Year Ended 30 June 2021

		2021	2020	
		\$	\$	
Note 19.	Director and related party disclosures (continued)			
The totals of remuneration paid to the KMP of Inspiro during the year are as follows:				
	Short-term employee benefits	1,222,446	874,520	
	Long-term benefits	(17,089)	83,008	
	Post-employment benefits	108,883	23,149	
	Total remuneration of KMP	1,314,240	980,677	
Note 20.	Financial risk management			
Inspiro's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and lease liabilities.				
The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:				
Financial assets				
	Cash and cash equivalents	4	4,726,084	2,233,312
	Trade and other receivables	5	622,320	696,720
	Investments at amortised cost	6	2,595,029	4,185,215
	Total financial assets		7,943,433	7,115,247
Financial liabilities				
	Trade and other payables	10	261,276	216,118
	Lease liabilities	12	100,321	60,054
	Total financial liabilities		361,597	276,172
Note 21.	Registered office/principal place of business			
The registered office and principle place of business of Inspiro is:				
Ranges Community Health				
17 Clarke Street				
Lilydale VIC 3140				

Ranges Community Health t/a Inspiro Responsible Person' Declaration

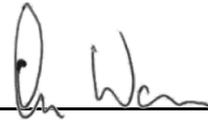
The responsible persons of Ranges Community Health, trading as Inspiro, declare that:

1. The financial statements and notes, as set out on pages 8 to 35, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures and
 - b. give a true and fair view of Inspiro's financial position as at 30 June 2021 and of its performance and cash flows for the year ended on that date.
2. In the responsible persons' opinion there are reasonable grounds to believe Inspiro will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Stephen Potter, Chairperson



Graham Warren, Deputy Chairperson

Dated: 7 October 2021

Independent Auditor's Report

To the Directors of Ranges Community Health

Opinion	<p>I have audited the financial report of Ranges Community Health (the company) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2021 • statement of profit or loss and other comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • the responsible person's declaration. <p>In my opinion the financial report is in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 June 2021 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are 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 it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards

MELBOURNE
8 October 2021


Travis Derricott
as delegate for the Auditor-General of Victoria