

Ranges Community Health t/a Inspiro

ABN 14 188 575 324

Financial Report - 30 June 2022

Ranges Community Health t/a Inspiro

Contents

30 June 2022

Responsible Persons' report	2
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Responsible Persons' declaration	35
Independent auditor's report to the members of Ranges Community Health t/a Inspiro	36

**Ranges Community Health t/a Inspiro
Responsible Persons' report
30 June 2022**

Your directors present their Responsible Persons' Report of Ranges Community Health trading as Inspiro (Inspiro) for the year ended 30 June 2022.

Responsible Persons

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 (Term ended 14 October 2021)
Linda Steane (Hancock)	Director
Helen Ruddell	Director
Katie Nitti (Yeaman)	Director
Kim Griffiths	Director
Vicki Doherty	Director
Gordon Botwright	Director (Appointed: 5 May 2022)
Timothy Griffiths	Director (Appointed: 5 May 2022)
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.

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.

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.

Review of operations

The surplus/(deficit) of Inspiro for the financial year ended 30 June 2022 was:

2022	2021
\$	\$
<u>(1,081,498)</u>	<u>683,878</u>

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. Inspiro has continued to receive indications from its funding bodies that it would be supported throughout the pandemic. Refer to Note 3 for further details regarding Inspiro's most significant revenue streams.

Revenue for the year ended 30 June 2022 is relatively consistent with the prior year with the exception of a reduction in revenue from Inspiro's State Dental Health and National Partnership Program due to staff vacancies and the introduction of social isolation measures.

Further, the Lilydale Integrated Youth Health Hub (LIYHH) becoming operational in October 2021, which led to a material increase in contract revenue and employee benefits expense, alongside additional expenditure following increased promotional and website related activities.

In addition, during the year Inspiro invested surplus funds in a capital investment portfolio. This portfolio recorded a \$130k reduction in fair value due to current economic conditions which therefore contributed to Inspiro's deficit for the year. Inspiro also made progress on its IT Infrastructure plan which contributes towards higher IT expenditure. Other expenses remained consistent with the previous reporting period.

**Ranges Community Health t/a Inspiro
Responsible Persons' report
30 June 2022**

Significant changes in the state of affairs

In the 2020 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. Where possible, Inspiro has limited face to face services to emergency and essential services throughout the period of restrictions.

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.

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

**Strategic plan
Strategic priorities**

This year is the final year of Inspiro's 2019 – 2022 Strategic Plan. Inspiro had hoped the challenges of the year before would ease and allow greater focus on business as usual however the environment continued to be volatile and complex. Irrespective of these challenges, Inspiro did deliver on its strategic intent for this year by continuing to deliver essential services to the community, building improved partnerships and stakeholder relationships, and supporting the health and wellbeing of staff.

Work will soon commence on determining the future direction Inspiro will embark on, ensuring community need and Inspiro's response is at the center of decision making.

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.

During 2021/2022, Inspiro continued to support client and staff safety from the ongoing impacts of the pandemic. Inspiro continued to provide face to face appointments for essential services and used telehealth wherever possible to ensure Inspiro stayed connected with clients. Inspiro took an active role in developing and promoting messages for connectedness, resilience, and prevention for staff, and community through a campaign targeted at the local population.

Inspiro's Chief Executive Officer was appointed as a member of the Lilydale Suburban Revitalisation Board which provided an opportunity to strengthen Inspiro's relationship with partners and stakeholders while raising the profile of health and the challenge of health service delivery in Lilydale.

In June 2021, the Yarra Ranges was hit by the worst storm in the region's history, one that left a trail of destruction and a damage bill of more than \$16 million. Not only did the region have to deal with the storm and subsequent damage, but the impact of COVID 19 lockdowns and restrictions, and the added loss of power, telecommunications and no water. Inspiro had to close all services for two days and activate the Business Continuity Plan which revealed the shortfalls of the company's Information Technology systems. At this point, the previously agreed decision that an IT upgrade would be undertaken during 2021/2022 was welcomed. Inspiro supported the local community recovery effort throughout the year with a dedicated counselling role.

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.

**Ranges Community Health t/a Inspiro
Responsible Persons' report
30 June 2022**

The health sector underestimated the impact the long-term closure of national borders would have on workforce supply. Inspiro experienced difficulty recruiting experienced dentists, speech pathologists, occupational therapists and mental health clinicians. It is expected this trend will continue and it is anticipated the Workforce Plan Inspiro are currently developing will provide strategies for the short and midterm period.

It was pleasing that the uptake of COVID vaccination by Inspiro staff was very high. The organisation complied with all government expectations for staff vaccination against COVID.

Staff resilience decreased and fatigue increased due to the ongoing demands and pressures of COVID both at work and home. Inspiro were successful in a grant application to implement a Staff Wellbeing program which included Personal Resilience Plans, Psychological First Aid and Trauma Informed Care training. A staff wellbeing pulse survey showed **69%** of staff agreed or strongly agreed that *Inspiro has supported the wellbeing of staff during COVID-19*, a good indicator that the strategies had made a difference to staff.

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.

Following the Strategic Service Plan recommendations, Inspiro embarked on a service modelling exercise which involved Board, Community Advisory Group members and staff. The aim is to develop service model options that meet community demand, are evidence based and can be tested for sustainability. This work will also inform the future strategic direction and ultimately the next strategic plan.

The IT infrastructure review in early 2021 resulted in a roadmap to improve Inspiro's ICT capability and readiness for service growth. The roadmap became effective as of April 2022, with the ambition that the implemented roadmap will be able to effectively support the strategic use of applications and technologies at Inspiro.

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 2022 the number of members was 59 (2021: 58).

Events subsequent to the end of the reporting period

No 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 20 to the financial statements. No director's fees have been paid as the positions are held on a voluntary basis.

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.

**Ranges Community Health t/a Inspiro
Responsible Persons' report
30 June 2022**

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

Information on Responsible Persons

Name: Stephen Potter
Title: Chairperson
Qualifications: Bachelor of Business, Accountant (CPA)
Experience and expertise: 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.

Name: Graham Warren
Title: Deputy Chairperson
Qualifications: Graduate Australian Institute of Company Directors (G.A.I.C.D)
Experience and expertise: Manufacturing Manager – CME, Bayswater. 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.

Name: Alana Killen
Title: Director
Qualifications: Master of Business Administration, Master of Adult Education, Graduate Australian Institute of Company Directors (G.A.I.C.D)
Experience and expertise: 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.

Name: Linda Steane (Hancock)
Title: Director
Qualifications: Leading Senior Constable with Victoria Police and works at Lilydale Police Station as the Crime Prevention Officer for Yarra Ranges Police service area. Recently elected as a local Councillor in Maroondah.
Experience and expertise: Has worked as a Police officer for 39 years and the past 25 actively involved in the Yarra Ranges community.

Name: Helen Ruddell
Title: Director
Qualifications: Diploma of Leadership and Management
Experience and expertise: 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.

Name: Katie Nitti (Yeaman)
Title: Director
Qualifications: Bachelor Nursing (pre registration) and Grad Dip Renal Nursing, Graduate Australasian Institute of Clinical Governance, Graduate of the Australian Institute of Company Directors (G.A.I.C.D)
Experience and expertise: 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.
Special responsibilities: Chair Quality and Risk Governance Committee.

**Ranges Community Health t/a Inspiro
Responsible Persons' report
30 June 2022**

Name: Kim Griffiths
Title: Director
Qualifications: BA Occupational Therapy; Post Grad Dip Innovation & Design Thinking; Graduate Australian Institute of Company Directors (G.A.I.C.D)
Experience and expertise: Currently working at Safer Care Victoria as Director Improvement Partner (acting), leading healthcare improvement and innovation cross the state of Victoria. Clinical background in Occupational 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 local community initiatives in the Yarra Ranges.
Special responsibilities: Chair Scholarship Committee; Inspiro Board Representative on Primary Care & Population Health Advisory Committee chaired by Eastern Health

Name: Vicki Doherty
Title: Director
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 and expertise: 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.

Name: Gordon Botwright
Title: Director
Qualifications: Graduate Australian Institute of Company Directors (G.A.I.C.D), GCert Risk Management
Experience and expertise: Currently the Chief Executive Officer of St John Ambulance Victoria, a not-for-profit organisation providing person-centred first aid and pre-hospital care, patient transport and other diversified health services. Over 30 years executive experience in the private and not-for-profit sectors, working across health, corrections and security. A non-executive director of On the Line Australia which provides mental health and suicide prevention counselling helplines for Australians.

Name: Timothy Griffiths
Title: Director
Qualifications: BBus (Acc), Prof Cert HealthSystems, Grad Cert Com Law, Grad Dip Logistic Mgt, Master Bus&Tech, GAICD, AFACHSM, MIPA, AIFA(UK)
Experience and expertise: Currently a senior executive in the public health system and has over twenty-five years of senior executive & governance experience in the health sector (hospitals, community & aged care in both Victoria and NSW), bio-medical research sector, not-for-profit sectors and in the military. He has underlying qualifications in accounting, business, law, logistics and health, and with professional membership with accounting, health and governance bodies.

Name: Diana Borgmeyer
Title: Director
Qualifications: AICD Financial Literacy Module
Experience and expertise: 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.

**Ranges Community Health t/a Inspiro
Responsible Persons' report
30 June 2022**

Meetings of Responsible Persons

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	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Stephen Potter, Chairperson	11	11	12	12	-	-
Graham Warren, Deputy Chairperson	10	11	11	12	-	-
Alana Killen (Term ended 14 October 2021)	4	4	-	-	1	1
Linda Steane (Hancock)	10	11	-	-	-	-
Helen Ruddell	10	11	-	-	3	4
Katie Nitti (Yeaman)	10	11	-	-	4	4
Kim Griffiths	11	11	-	-	-	-
Vicki Doherty	11	11	11	12	-	-
Gordon Botwright (Appointed: 5 May 2022)	1	1	-	-	-	-
Timothy Griffiths (Appointed: 5 May 2022)	1	1	-	-	-	-
Diana Borgmeyer (Resigned: 1 July 2021)	-	1	-	-	-	-

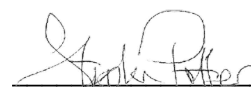
Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 8 of the financial report.


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

The report is made in accordance with a resolution of directors, pursuant to the subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the Responsible Persons



Stephen Potter
Chairperson



Graham Warren
Deputy Chairperson

6 October 2022

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 2022, 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
10 October 2022



Sarfchu Chummar

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 2022

	Note	2022 \$	2021 \$
Revenue and other income	3	10,719,182	10,186,993
Expenses			
Employee benefits expense	4	(9,121,939)	(7,900,386)
Depreciation expense	4	(409,690)	(226,955)
Finance costs	4	(15,644)	(2,166)
Professional fees		(756,544)	(525,872)
Office expenses		(181,141)	(151,070)
Occupancy expenses		(306,953)	(261,728)
Motor vehicle expenses		(25,519)	(24,803)
Program/health education expenses		(596,184)	(284,092)
Marketing and promotion expenses		(114,958)	(26,178)
Loss on fair value of investments		(140,759)	-
Other expenses		(131,349)	(99,865)
		<hr/>	<hr/>
Surplus/(deficit) for the year attributable to the members of Ranges Community Health t/a Inspiro		(1,081,498)	683,878
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation decrement to land		<hr/> -	<hr/> (50,000)
Other comprehensive loss for the year		<hr/> -	<hr/> (50,000)
		<hr/>	<hr/>
Total comprehensive income for the year attributable to the members of Ranges Community Health t/a Inspiro		<u>(1,081,498)</u>	<u>633,878</u>

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

**Ranges Community Health t/a Inspiro
Statement of financial position
As at 30 June 2022**

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	5	3,706,186	4,726,084
Trade and other receivables	6	623,917	622,320
Investments	7	2,733,545	2,595,029
Other assets	8	163,947	75,683
Total current assets		<u>7,227,595</u>	<u>8,019,116</u>
Non-current assets			
Property, plant and equipment	9	1,925,556	1,946,570
Right-of-use assets	10	254,642	96,321
Total non-current assets		<u>2,180,198</u>	<u>2,042,891</u>
Total assets		<u>9,407,793</u>	<u>10,062,007</u>
Liabilities			
Current liabilities			
Trade and other payables	11	634,303	523,731
Contract liabilities	12	294,134	445,310
Lease liabilities	13	142,961	41,679
Employee benefits	14	1,546,374	1,236,642
Total current liabilities		<u>2,617,772</u>	<u>2,247,362</u>
Non-current liabilities			
Lease liabilities	13	131,029	58,642
Employee benefits	14	221,439	236,952
Total non-current liabilities		<u>352,468</u>	<u>295,594</u>
Total liabilities		<u>2,970,240</u>	<u>2,542,956</u>
Net assets		<u>6,437,553</u>	<u>7,519,051</u>
Equity			
Asset revaluation surplus	15	597,628	597,628
Retained surpluses		<u>5,839,925</u>	<u>6,921,423</u>
Total equity		<u>6,437,553</u>	<u>7,519,051</u>

The above statement of financial position should be read in conjunction with the accompanying notes

**Ranges Community Health t/a Inspiro
Statement of changes in equity
For the year ended 30 June 2022**

	Asset Revaluation Surplus \$	Accumulated Surplus \$	Total equity \$
Balance at 1 July 2020	647,628	6,237,545	6,885,173
Surplus for the year	-	683,878	683,878
Other comprehensive loss for the year	(50,000)	-	(50,000)
Total comprehensive income for the year	(50,000)	683,878	633,878
Balance at 30 June 2021	<u>597,628</u>	<u>6,921,423</u>	<u>7,519,051</u>

	Asset Revaluation Surplus \$	Accumulated Surplus \$	Total equity \$
Balance at 1 July 2021	597,628	6,921,423	7,519,051
Deficit for the year	-	(1,081,498)	(1,081,498)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(1,081,498)	(1,081,498)
Balance at 30 June 2022	<u>597,628</u>	<u>5,839,925</u>	<u>6,437,553</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Ranges Community Health t/a Inspiro
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from clients and government grants		11,100,743	10,785,343
Payments to suppliers and employees		(11,961,930)	(9,920,084)
Interest received		15,812	26,937
Interest expense of lease liabilities		(5,976)	(2,166)
Low value lease payments		(15,644)	(5,976)
Other receipts		499,700	629,572
		<u> </u>	<u> </u>
Net cash from/(used in) operating activities	16	<u>(367,295)</u>	<u>1,513,626</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	(263,055)	(584,171)
Payment for investments		(1,500,611)	-
Proceeds from investments		1,221,336	1,590,186
Proceeds from sale of property, plant and equipment		-	8,183
		<u> </u>	<u> </u>
Net cash from/(used in) investing activities		<u>(542,330)</u>	<u>1,014,198</u>
Cash flows from financing activities			
Repayment of lease liabilities		(110,273)	(35,052)
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(110,273)</u>	<u>(35,052)</u>
Net increase/(decrease) in cash and cash equivalents		(1,019,898)	2,492,772
Cash and cash equivalents at the beginning of the financial year		<u>4,726,084</u>	<u>2,233,312</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	5	<u><u>3,706,186</u></u>	<u><u>4,726,084</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements were authorised for issue on 6 October 2022 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.

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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

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.

Foreign currency translation

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

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1. Significant accounting policies (continued)

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.

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.

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.

Goods and Services Tax ('GST') and other similar taxes

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 on a gross basis. The GST components of cash flows arising from investing or 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative figures

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

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 Australian Accounting Standards.

Note 1. Significant accounting policies (continued)

"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.

Australian Accounting Standards issued but not yet effective

An assessment of Australian 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 2020-1: *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 Australian Accounting Standards and interpretations issued by the AASB that are not yet mandatorily applicable to Inspiro in future periods.

Note 2. Critical accounting judgements, estimates and assumptions

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.

Note 2. Critical accounting judgements, estimates and assumptions (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 9 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.

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).
- 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.

Options to extend are contained in all of Inspiro's property lease agreements. 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.

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.

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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 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 2022. 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 is not considered material to the financial statements.

Note 3. Revenue and other income

	2022	2021
	\$	\$
Revenue from contracts with customers	<u>10,108,337</u>	<u>8,681,718</u>
<i>Other sources of Income</i>		
Interest income	15,812	26,937
COVID-19 government stimulus	-	906,000
Other revenue	<u>595,033</u>	<u>572,338</u>
	<u>610,845</u>	<u>1,505,275</u>
Revenue and other income	<u><u>10,719,182</u></u>	<u><u>10,186,993</u></u>

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 3. Revenue and other income (continued)

Disaggregation of revenue

Inspiro has disaggregated revenue by the nature of revenue and timing of revenue recognition.

	2022	2021
	\$	\$
Categories of disaggregation		
Operating grants	6,514,035	5,785,335
Other government grants	-	481,114
Fee for service	425,360	403,028
Contract income	3,168,942	2,012,241
	<u>10,108,337</u>	<u>8,681,718</u>
Timing of revenue recognition		
At a point in time	3,594,302	2,415,269
Over time	6,514,035	6,266,449
	<u>10,108,337</u>	<u>8,681,718</u>

Accounting policy for revenue recognition

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 Australian 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.

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.

Note 3. Revenue and other income (continued)

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.

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 \$166k in contract liabilities and recognition of income for the year ended 30 June 2022.

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 \$76k 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.

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.

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.

Note 3. Revenue and other income (continued)

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 Australian 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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 4. Expenses

	2022 \$	2021 \$
Surplus/(deficit) includes the following specific expenses:		
<i>Employee benefits expense</i>		
Salaries and wages	7,032,318	6,101,070
Superannuation	756,147	580,312
Leave payments	1,002,651	824,864
Workcover	60,958	97,487
Other employee benefits	269,865	296,653
	9,121,939	7,900,386
<i>Depreciation expenses</i>		
Leasehold improvements	83,571	38,229
Plant and equipment	30,342	30,772
Motor vehicles	6,243	26,580
Furniture and fittings	55,252	10,422
Computer equipment	108,661	87,292
Leased land and buildings	120,099	31,810
Leased printers	5,522	1,041
	409,690	226,146
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	15,644	2,166
<i>Leases</i>		
Low-value assets lease payments	5,976	5,976

Accounting policy for expenses

Inspiro recognises expenditure as it is incurred, which is reported in the financial year to which the expense relates.

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.

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 5. Cash and cash equivalents

	2022 \$	2021 \$
<i>Current assets</i>		
Cash on hand	2,400	1,940
Cash at bank	3,703,786	4,724,144
	<u>3,706,186</u>	<u>4,726,084</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 6. Trade and other receivables

	2022 \$	2021 \$
<i>Current assets</i>		
Trade receivables	94,177	383,798
Other receivables	529,740	238,522
	<u>623,917</u>	<u>622,320</u>

Accounting policy for 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.

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 for further discussion on the determination of impairment losses.

Note 7. Investments

	2022 \$	2021 \$
<i>Current assets</i>		
Term deposits at amortised cost	-	2,595,029
Managed funds at fair value through profit or loss	844,734	-
Capital notes at fair value through profit or loss	888,811	-
Annuities at fair value through profit or loss	1,000,000	-
	<u>2,733,545</u>	<u>2,595,029</u>

Term deposits at amortised cost receive average interest rates of 2022: N/A (2021: 0.69%).

The directors recognise changes in fair value of managed funds, capital notes and annuities through profit or loss. Fair value is assigned to such investments based on quoted prices.

Refer to Note 23 for further information on financial risk management.

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 8. Other assets

	2022	2021
	\$	\$
<i>Current assets</i>		
Prepayments	<u>163,947</u>	<u>75,683</u>

Note 9. Property, plant and equipment

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land - at fair value	<u>900,000</u>	<u>900,000</u>
Leasehold improvements - at cost	780,320	578,254
Less: Accumulated depreciation	<u>(153,713)</u>	<u>(70,141)</u>
	<u>626,607</u>	<u>508,113</u>
Plant and equipment - at cost	340,934	327,352
Less: Accumulated depreciation	<u>(218,806)</u>	<u>(188,464)</u>
	<u>122,128</u>	<u>138,888</u>
Fixtures and fittings - at cost	260,003	150,521
Less: Accumulated depreciation	<u>(124,986)</u>	<u>(69,733)</u>
	<u>135,017</u>	<u>80,788</u>
Motor vehicles - at cost	238,497	289,837
Less: Accumulated depreciation	<u>(225,232)</u>	<u>(270,329)</u>
	<u>13,265</u>	<u>19,508</u>
Computer equipment - at cost	422,902	387,337
Less: Accumulated depreciation	<u>(294,363)</u>	<u>(187,695)</u>
	<u>128,539</u>	<u>199,642</u>
Works in progress	<u>-</u>	<u>99,631</u>
	<u><u>1,925,556</u></u>	<u><u>1,946,570</u></u>

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	Improvements	Plant and equipment	Motor vehicles	Furniture and fittings	Computer equipment	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	900,000	508,113	138,888	19,508	80,788	199,642	99,631	1,946,570
Additions	-	102,434	13,582	-	109,481	37,558	-	263,055
Transfers in/(out)	-	99,631	-	-	-	-	(99,631)	-
Depreciation expense	-	(83,571)	(30,342)	(6,243)	(55,252)	(108,661)	-	(284,069)
Balance at 30 June 2022	<u>900,000</u>	<u>626,607</u>	<u>122,128</u>	<u>13,265</u>	<u>135,017</u>	<u>128,539</u>	<u>-</u>	<u>1,925,556</u>

Note 9. Property, plant and equipment (continued)

Fair value measurement of freehold land

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

Inspiro's freehold land was independently valued at 30 June 2021 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.

At the end of each reporting period, the directors update their assessment of the fair value of each non-current asset. This assessment suggested the fair values recorded in the financial statements are considered materially consistent with the fair value of such non-current assets had an independent valuation been undertaken at balance date.

Accounting policy for 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 for details of impairment).

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 9. Property, plant and equipment (continued)

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.

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.

Note 10. Right-of-use assets

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	412,975	129,033
Less: Accumulated depreciation	<u>(167,536)</u>	<u>(47,437)</u>
	<u>245,439</u>	<u>81,596</u>
Leased printer - right-of-use	16,566	16,566
Less: Accumulated depreciation	<u>(7,363)</u>	<u>(1,841)</u>
	<u>9,203</u>	<u>14,725</u>
	<u>254,642</u>	<u>96,321</u>
	2022	2021
	\$	\$
<i>Amounts recognised in profit or loss</i>		
Depreciation charge related to right-of-use assets	(125,621)	(33,660)
Interest expense on lease liabilities	<u>(15,644)</u>	<u>(2,166)</u>
	<u>(141,265)</u>	<u>(35,826)</u>

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 10. Right-of-use assets (continued)

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:

	land and buildings \$	leased printer \$	Total \$
Balance at 1 July 2021	81,596	14,725	96,321
Additions	283,942	-	283,942
Depreciation expense	(120,099)	(5,522)	(125,621)
Balance at 30 June 2022	<u>245,439</u>	<u>9,203</u>	<u>254,642</u>

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. The lease will expire on 29 October 2041.

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. The lease will expire on 5 February 2068.

The leases are measured at cost in accordance with Inspiro's accounting policy as outlined below. 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.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 11. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	167,696	121,946
Accrued expenses and other payables	466,607	401,785
	<u>634,303</u>	<u>523,731</u>
	2022	2021
	\$	\$
<i>Financial liabilities classified as trade and other payables</i>		
Trade and other payables:		
- Total current	634,303	523,731
Less amounts payable to the Australian Taxation Office	<u>(230,325)</u>	<u>(262,455)</u>
	<u>403,978</u>	<u>261,276</u>

Accounting policy for 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.

Note 12. Contract liabilities

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Department of Health (Commonwealth)	294,134	253,849
Department of Health (State)	-	127,694
Other contractual liabilities	<u>-</u>	<u>63,767</u>
	<u>294,134</u>	<u>445,310</u>

Accounting policy for 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.

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 13. Lease liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Lease liability	142,961	41,679
<i>Non-current liabilities</i>		
Lease liability	131,029	58,642
	<u>273,990</u>	<u>100,321</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	142,961	41,679
One to five years	131,029	58,642
	<u>273,990</u>	<u>100,321</u>

Accounting policy for lease liabilities
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.

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.

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 13. Lease liabilities (continued)

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 premises 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.

Inspiro as lessor

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

Note 14. Employee benefits

	2022	2021	
	\$	\$	
<i>Current liabilities</i>			
Annual leave entitlements	626,220	464,525	
Long service leave entitlements	920,154	772,117	
	<u>1,546,374</u>	<u>1,236,642</u>	
<i>Non-current liabilities</i>			
Long service leave entitlements	221,439	236,952	
	<u>1,767,813</u>	<u>1,473,594</u>	
	Annual leave	Long service leave	
	\$	\$	
<i>Movements in carrying amounts</i>			
Carrying amount as at 1 July 2021	464,525	1,009,069	1,473,594
Leave entitlements accrued	650,701	180,502	831,203
Leave taken	(416,963)	(43,441)	(460,404)
Leave paid out upon termination	(72,043)	(4,537)	(76,580)
	<u>626,220</u>	<u>1,141,593</u>	<u>1,767,813</u>
Carrying amount as at 30 June 2022			

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 14. Employee benefits (continued)

Accounting policy for 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. Refer to Note 2 for details of key judgements applied.

Note 15. 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.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Land \$	Total \$
Balance at 1 July 2020	647,628	647,628
Revaluation decrements	<u>(50,000)</u>	<u>(50,000)</u>
Balance at 30 June 2021	<u>597,628</u>	<u>597,628</u>
Balance at 30 June 2022	<u><u>597,628</u></u>	<u><u>597,628</u></u>

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 16. Cash flow information

	2022	2021
	\$	\$
Surplus/(deficit) for the year	(1,081,498)	683,878
Adjustments for:		
Depreciation and amortisation	409,690	226,955
Unrealised capital losses	140,759	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,597)	74,400
(Increase)/decrease in other assets	(88,264)	(2,087)
Increase/(decrease) in trade and other payables	110,572	24,555
Increase in contract liabilities	(151,176)	329,584
Increase in employee benefits	294,219	176,341
	<u>(367,295)</u>	<u>1,513,626</u>
Net cash from/(used in) operating activities	<u>(367,295)</u>	<u>1,513,626</u>

Note 17. Contingent assets

Inspiro's directors are not aware of any contingent assets as at the date of signing this financial report (2021: nil).

Note 18. Contingent liabilities

Inspiro's directors are not aware of any contingent liabilities as at the date of signing this financial report (2021: nil).

Note 19. Capital commitments

There are no capital expenditure commitments contracted for but not capitalised in the financial statements (2021: nil).

Note 20. Director and related party transactions

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. No director's fees have been paid as the positions are held on a voluntary basis. There were no related party transactions required to be disclosed for the year ended 30 June 2022 (2021: nil).

The totals of remuneration paid to the KMP of Inspiro during the year are as follows:

	2022	2021
	\$	\$
Short-term employee benefits	1,470,201	1,222,446
Long-term employee benefits	60,822	(17,089)
Post-employment benefits	140,943	108,883
	<u>1,671,966</u>	<u>1,314,240</u>
Total	<u>1,671,966</u>	<u>1,314,240</u>

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 20. Director and related party transactions (continued)

	2022	2021
	No.	No.
The number of key management personnel whose total remuneration from Inspiro fall within the following bands:		
\$10,000 - \$19,999	1	2
\$30,000 - \$39,999	-	2
\$80,000 - \$89,999	-	2
\$90,000 - \$99,999	1	1
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	3	-
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	2	2
\$150,000 - \$159,999	1	-
\$180,000 - \$189,999	1	-
\$200,000 - \$209,999	-	1
\$220,000 - \$229,999	1	-
	<u>13</u>	<u>14</u>

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 21. Economic dependency

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.

Note 22. Events after the reporting period

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

Note 23. Financial risk management

Inspiro's financial instruments consist mainly of deposits with banks, accounts receivable, managed funds, capital notes, annuities, accounts payable and lease liabilities. Inspiro does not have any derivatives.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed below, are as follows:

	Note	2022	2021
		\$	\$
Financial assets			
Cash and cash equivalents at amortised cost	5	3,706,186	4,726,084
Trade and other receivables at amortised cost	6	623,917	622,320
Investments at amortised cost	7	-	2,595,029
Investments at fair value through profit or loss	7	2,733,545	-
Total financial assets		<u>7,063,648</u>	<u>7,943,433</u>

Ranges Community Health t/a Inspiro
Notes to the financial statements
30 June 2022

Note 23. Financial risk management (continued)

	Note	2022 \$	2021 \$
Financial liabilities			
Trade and other payables at amortised cost	11	403,978	261,276
Lease liabilities at amortised cost	13	<u>273,990</u>	<u>100,321</u>
		<u>677,968</u>	<u>361,597</u>

Accounting policy for 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.

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 subsequently measured at:

- amortised cost
- fair value through profit and loss

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset and
- the business model for managing the financial assets.

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

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

By default, all other financial assets that do not meet the conditions of amortised cost are subsequently measured at fair value through profit and loss.

Note 23. Financial risk management (continued)

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised. The company has elected to subsequently measure its investments at fair value through profit or loss to simplify the accounting for such financial assets.

The company does not measure any financial assets at fair value through other comprehensive income.

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 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).

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.

Note 24. Auditor remuneration

The following fees were paid or payable for services provided by Crowe, the auditor of the company:

	2022	2021
	\$	\$
<i>Audit and assurance services</i>		
Audit of the financial report	22,900	22,500

**Ranges Community Health t/a Inspiro
Responsible Persons' declaration
30 June 2022**

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

1. The financial statements and notes, as set out on pages 9 to 34, 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 2022 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*.

On behalf of the Responsible Persons



Stephen Potter
Chairperson



Graham Warren
Deputy Chairperson

6 October 2022

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 2022 • 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 2022 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 <i>APES 110 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



Sanchu Chummar

as delegate for the Auditor-General of Victoria

MELBOURNE
10 October 2022