

LEADING THE WAY

2019-2020 Financial Report





Palliative care. Living well every day.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED

ABN 62 982 157 121

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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General information

The financial statements cover Eastern Palliative Care Association Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Eastern Palliative Care Association Incorporated's functional and presentation currency.

Eastern Palliative Care Association Incorporated is a not-for-profit incorporated association, incorporated in Victoria.

The principal place of business of the Association is:

Eastern Palliative Care Association Incorporated
Building 2, Level 1
630 Mitcham Road
Mitcham VIC 3121

The financial statements were authorised for issue on 29 September 2020.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
COMMITTEE MEMBERS' REPORT
30 JUNE 2020

The committee members present their report, together with the financial statements, on the incorporated association for the year ended 30 June 2020.

Committee members

The names of the Committee Members throughout the financial year and at the date of this report are:

A Barnden (Appointed 28 August 2017)	K Francis (Appointed 6 August 2007)
P Gurr (Appointed 25 November 1999)	A Hunt OAM (Appointed 28 October 2013)
D Kissane AC (Appointed 29 September 2014)	M O'Donnell (Appointed 27 May 2019)
K Rodger (Appointed 28 April 2016)	S Rowland (Appointed 8 November 2005)
H Sampson (Appointed 1 July 2002)	R Snyder AM (Appointed 4 July 2006)
M Stewart (Appointed 31 July 2018)	S Vale (Appointed 28 February 2011)

Principal activities

The principal activity of the Association during the financial year was the provision of support services to people living with a life threatening illness.

The Association also provided external education and consultancy support to other organisations which independently care for this client group.

No significant change in the nature of these activities occurred during the year.

Operating Result

The operating result for the Association for the financial years ended 30 June 2020 was a surplus of \$800,952 (2019: \$1,911,724). This surplus includes one-off contributions totalling \$225,705 which comprised of \$200,705 from four deceased estates (2019: \$10,220), and \$25,000 from three significant donations each in excess of \$5,000 (2019: \$15,000). Also included were non-recurring Government initiative and equipment grants of \$503,769 (2019: \$1,670,981); 2020-21 Service supplementary funding of \$Nil received prior to year-end (2019: \$430,665); and non-recurring Government contributions specifically related to COVID-19 of \$575,445 (2019: \$Nil).

After Balance Date Events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

On behalf of the committee members



A Hunt OAM
Chairman



R Snyder AM
Treasurer

29 September 2020
Melbourne

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue			
Revenue from government sources	2	12,929,996	12,550,703
Revenue from non-government sources	3	669,163	516,416
Total revenue		<u>13,599,159</u>	<u>13,067,119</u>
Expenses			
Employee benefits expense		(10,446,463)	(8,951,947)
Depreciation expense		(887,638)	(487,119)
Motor vehicle expenses		(130,900)	(131,546)
Telephone expenses		(91,373)	(87,933)
Finance costs		(157,225)	-
Rent expenses		-	(423,421)
Other expenses		<u>(1,084,608)</u>	<u>(1,073,429)</u>
Surplus before income tax expense	4	800,952	1,911,724
Income tax expense		<u>-</u>	<u>-</u>
Surplus after income tax expense for the year attributable to the members of Eastern Palliative Care Association Incorporated		800,952	1,911,724
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		<u>(64,930)</u>	<u>59,607</u>
Other comprehensive income for the year, net of tax		<u>(64,930)</u>	<u>59,607</u>
Total comprehensive income for the year attributable to the members of Eastern Palliative Care Association Incorporated		<u><u>736,022</u></u>	<u><u>1,971,331</u></u>

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

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	2,146,023	2,828,665
Trade and other receivables	6	58,276	91,129
Other financial assets	7	2,109,959	2,607,082
Other assets	8	137,329	130,629
Total current assets		<u>4,451,587</u>	<u>5,657,505</u>
Non-current assets			
Investments	9	2,914,477	2,909,236
Property, plant and equipment	10	1,129,840	1,328,116
Right-of-use assets	11	3,539,573	-
Other assets	8	1,500,000	-
Total non-current assets		<u>9,083,890</u>	<u>4,237,352</u>
Total assets		<u>13,535,477</u>	<u>9,894,857</u>
Liabilities			
Current liabilities			
Trade and other payables	12	318,618	753,616
Lease liabilities	13	311,936	-
Provisions	14	1,368,270	1,161,241
Unearned income	15	177,550	676,420
Total current liabilities		<u>2,176,374</u>	<u>2,591,277</u>
Non-current liabilities			
Lease liabilities	13	3,321,554	-
Provisions	14	383,521	385,574
Total non-current liabilities		<u>3,705,075</u>	<u>385,574</u>
Total liabilities		<u>5,881,449</u>	<u>2,976,851</u>
Net assets		<u>7,654,028</u>	<u>6,918,006</u>
Equity			
Contributed equity	16	559,282	559,282
Reserves	17	278,331	285,903
Accumulated surplus		<u>6,816,415</u>	<u>6,072,821</u>
Total equity		<u>7,654,028</u>	<u>6,918,006</u>

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

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed Equity (Note 16) \$	Financial Assets Revaluation Reserve (Note 17) \$	MEPCA/EPC Scholarship Reserve (Note 17) \$	Capital Reserve (Note 17) \$	Accumulated Surplus \$	Total equity \$
Balance at 1 July 2018	559,282	95,297	62,870	181,588	4,047,638	4,946,675
Surplus after income tax expense for the year	-	-	-	-	1,911,724	1,911,724
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,911,724	1,911,724
Transfer to MEPCA/EPC scholarship reserve	-	-	1,098	-	(1,098)	-
Net increase in market value of investments	-	59,607	-	-	-	59,607
Transfer balance of Financial Assets Revaluation Reserve related to assets disposed during the year to Accumulated Surplus	-	(114,557)	-	-	114,557	-
Balance at 30 June 2019	<u>559,282</u>	<u>40,347</u>	<u>63,968</u>	<u>181,588</u>	<u>6,072,821</u>	<u>6,918,006</u>
	Contributed Equity (Note 16) \$	Financial Assets Revaluation Reserve (Note 17) \$	MEPCA/EPC Scholarship Reserve (Note 17) \$	Capital Reserve (Note 17) \$	Accumulated Surplus \$	Total equity \$
Balance at 1 July 2019	559,282	40,347	63,968	181,588	6,072,821	6,918,006
Surplus after income tax expense for the year	-	-	-	-	800,952	800,952
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	800,952	800,952
Transfer to MEPCA/EPC scholarship reserve	-	-	690	-	(690)	-
Net decrease in market value of investments	-	(64,930)	-	-	-	(64,930)
Transfer balance of Financial Assets Revaluation Reserve related to assets disposed during the year to Accumulated Surplus	-	56,668	-	-	(56,668)	-
Balance at 30 June 2020	<u>559,282</u>	<u>32,085</u>	<u>64,658</u>	<u>181,588</u>	<u>6,816,415</u>	<u>7,654,028</u>

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

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Operating grants from Government		12,380,760	13,186,473
Donations received		337,953	218,396
Interest received		75,540	79,206
Franking credits		22,099	27,820
Receipts from other sources of income		69,169	77,431
Payments to suppliers and employees		(13,335,174)	(10,307,437)
Interest paid on lease liabilities		(156,464)	-
Net cash (used in)/from operating activities		(606,117)	3,281,889
Cash flows from investing activities			
Reduction in Investment/(Investment in) term deposits classified as other financial assets		500,000	(1,000,000)
Proceeds from sale of property, plant & equipment		262,762	185,954
Payments for leasehold improvements		(16,800)	(28,955)
Payments for motor vehicles		(415,010)	(346,776)
Payments for office & IT equipment		(118,507)	(117,160)
Payments for medical equipment		(2,001)	(795)
Payment for security bond		(2,877)	(2,778)
Net cash from/(used in) investing activities		207,567	(1,310,510)
Cash flows from financing activities			
Repayment of lease liabilities		(284,092)	-
Net cash used in financing activities		(284,092)	-
Net (decrease)/increase in cash and cash equivalents		(682,642)	1,971,379
Cash and cash equivalents at the beginning of the financial year		2,828,665	857,286
Cash and cash equivalents at the end of the financial year	5	<u>2,146,023</u>	<u>2,828,665</u>

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

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 1. Summary of Significant Accounting Policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 15 Revenue from Contracts with Customers

The incorporated association has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The incorporated association has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach. There was no impact of adoption on opening retained profits as at 1 July 2019. The opening adjustment can be reconciled as follows:

Operating lease commitments as at 1 July 2019 (AASB 117)	1,372,369
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.25% (AASB 16)	(995,335)
Additional lease payments as a result of the recognition of extension options	3,540,548
Lease liabilities	<u>3,917,582</u>
 Add: make good recognised	 <u>36,666</u>
 Right-of-use assets (AASB 16)	 <u><u>3,954,248</u></u>
 Lease liabilities - current (AASB 16)	 284,093
Lease liabilities - non-current (AASB 16)	<u>3,633,489</u>
	<u><u>3,917,582</u></u>

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 1. Summary of Significant Accounting Policies (continued)

AASB 1058 Income of Not-for-Profit Entities

The incorporated association has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income.

Revenue recognition

The incorporated association recognises revenue as follows:

Grant revenue

Grant revenue is recognised in profit or loss when the incorporated association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the incorporated association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Donations

Donations are recognised as revenue when received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Volunteer services

The incorporated association has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Income tax

As the incorporated association 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.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 1. Summary of Significant Accounting Policies (continued)

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 incorporated association'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 incorporated association'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.

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.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the incorporated association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the incorporated association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The incorporated association recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the incorporated association's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 1. Summary of Significant Accounting Policies (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold Improvements	11.11% - 41.38%
Motor Vehicles	18% - 27%
Office Equipment	20% - 33%
Computer Equipment	33.3%
Medical Equipment	6.6% - 33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 incorporated association 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid, whether billed to the Association or not. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incorporated association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 1. Summary of Significant Accounting Policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the incorporated association has a present (legal or constructive) obligation as a result of a past event, it is probable the incorporated association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

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

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 2. Revenue from government sources

	2020 \$	2019 \$
Operating grant	11,850,782	10,879,722
Non-recurrent grant - Initiative and infrastructure	503,769	1,670,981
Non-recurrent grant - COVID-19	475,445	-
Cash flow boost stimulus - COVID-19	100,000	-
	<u>12,929,996</u>	<u>12,550,703</u>

Note 3. Revenue from non-government sources

	2020 \$	2019 \$
Other grants	54,533	67,995
Donations	337,953	146,714
Interest	94,163	97,079
Dividends and franking credits	107,625	123,083
Education sessions	25,932	44,649
Net fair value gain on financial assets	5,720	-
Other income	43,237	36,896
	<u>669,163</u>	<u>516,416</u>

Note 4. Surplus

	2020 \$	2019 \$
Revenue from recurring sources	12,294,240	10,940,253
2019-20 Service supplementary funding	-	430,665
Operating expenses	<u>(12,798,207)</u>	<u>(11,155,395)</u>
	<u>(503,967)</u>	<u>215,523</u>
Income from non-recurring sources		
Significant donations and bequests (over \$5,000)	225,705	25,220
Government initiative/equipment grants	<u>1,079,214</u>	<u>1,670,981</u>
Surplus before income tax expense	<u>800,952</u>	<u>1,911,724</u>

	2020 \$	2019 \$
Surplus before income tax expense has been determined after:		
Loss on disposal of property, plant and equipment	5,710	2,993
Rental expense on operating lease	-	423,421
Interest expense on lease payments	156,464	-
Depreciation expense on right-of-use assets	414,673	-
Defined contribution superannuation plan expenses	820,625	725,389

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 5. Cash and cash equivalents

	2020 \$	2019 \$
<i>Current assets</i>		
Petty Cash	1,200	1,200
ANZ Ancillary Cheque Account	4,801	2,925
ANZ Negotiator Account	2,128,737	2,810,354
ANZ Operating Account	11,285	14,186
	<u>2,146,023</u>	<u>2,828,665</u>

Note 6. Trade and other receivables

	2020 \$	2019 \$
<i>Current assets</i>		
Sundry receivables	<u>58,276</u>	<u>91,129</u>

Note 7. Other financial assets

	2020 \$	2019 \$
<i>Current assets</i>		
Bank term deposits	2,000,000	2,500,000
Security bond	35,929	33,052
Term deposits	74,030	74,030
	<u>2,109,959</u>	<u>2,607,082</u>

Bond of \$35,929 (2019: \$33,052) on Mitcham property. It is not available to the Association until the conclusion of the lease. Refer to notes 11, 13 and 23 for further details on Mitcham property leases.

Term Deposit of \$74,030 (2019: \$74,030) is used to secure a bank guarantee provided by ANZ bank and thus is not available for use by the Association.

Note 8. Other assets

	2020 \$	2019 \$
<i>Current assets</i>		
Prepayments	<u>137,329</u>	<u>130,629</u>
<i>Non-current assets</i>		
Prepayments	<u>1,500,000</u>	<u>-</u>

Eastern Palliative Care has entered into an agreement with its landlord partner St Vincents Healthcare Limited and St Vincents Hospital (Melbourne) Limited whereby Eastern Palliative Care will pay \$1,500,000. representing 20 years prepaid rent, to assist funding the construction of a facility at the landlords premises in Studley Park Road, Kew.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 9. Investments

	2020 \$	2019 \$
<i>Non-current assets</i>		
Listed securities at fair value	2,314,355	2,538,760
Investment portfolio cash holding	600,122	370,476
	<u>2,914,477</u>	<u>2,909,236</u>

Note 10. Property, plant and equipment

	2020 \$	2019 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	904,884	978,084
Less: Accumulated amortisation	(632,340)	(533,494)
	<u>272,544</u>	<u>444,590</u>
Medical equipment - at cost	308,869	309,368
Less: Accumulated depreciation	(271,753)	(234,251)
	<u>37,116</u>	<u>75,117</u>
Motor vehicles - at cost	732,171	724,944
Less: Accumulated depreciation	(133,244)	(152,057)
	<u>598,927</u>	<u>572,887</u>
Office and IT equipment - at cost	810,421	795,275
Less: Accumulated depreciation	(589,168)	(559,753)
	<u>221,253</u>	<u>235,522</u>
	<u>1,129,840</u>	<u>1,328,116</u>

Movements in Carrying Amounts

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

	Leasehold Improvements \$	Medical Equipment \$	Motor Vehicles \$	Office & IT Equipment \$	Total \$
Balance at 1 July 2019	444,590	75,117	572,887	235,522	1,328,116
Additions	16,800	2,001	415,010	118,507	552,318
Disposals/write-off	(37,222)	(1,333)	(232,374)	(6,700)	(277,629)
Depreciation expense	(151,624)	(38,669)	(156,596)	(126,076)	(472,965)
Balance at 30 June 2020	<u>272,544</u>	<u>37,116</u>	<u>598,927</u>	<u>221,253</u>	<u>1,129,840</u>

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 11. Right-of-use assets

	2020 \$	2019 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	3,954,246	-
Less: Accumulated depreciation	(414,673)	-
	<u>3,539,573</u>	<u>-</u>

The property leases are non-cancellable leases with rent payable in advance. The lease for leased premises at 630 Mitcham Road is a term of nine years from September 2013 with further two terms of four years each. Additional space has been leased at 630 Mitcham Road with the leases having options taking the full term, if exercised, to a date consistent with the original lease.

Note 12. Trade and other payables

	2020 \$	2019 \$
<i>Current liabilities</i>		
Trade payables	19,090	37,639
Sundry payables and accruals	299,528	715,977
	<u>318,618</u>	<u>753,616</u>

Note 13. Lease liabilities

	2020 \$	2019 \$
<i>Current liabilities</i>		
Lease liability	<u>311,936</u>	<u>-</u>
<i>Non-current liabilities</i>		
Lease liability	<u>3,321,554</u>	<u>-</u>

Note 14. Provisions

	2020 \$	2019 \$
<i>Current liabilities</i>		
Employee benefits	<u>1,368,270</u>	<u>1,161,241</u>
<i>Non-current liabilities</i>		
Employee benefits	293,521	295,574
Lease make good	90,000	90,000
	<u>383,521</u>	<u>385,574</u>

Lease make good

The make good provisions are in respect of the leased properties. The amounts provided will be utilised at the conclusion of the leases, between 2023 and 2031.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 15. Unearned income

	2020 \$	2019 \$
<i>Current liabilities</i>		
Grants received in advance	177,550	676,420

Note 16. Contributed equity

	2020 \$	2019 \$
St. Vincent's Hospital (Melbourne)	131,936	131,936
Order of Malta	131,936	131,936
Outer East Palliative Care Association Inc.	295,410	295,410
Total members' contributions at the reporting date	559,282	559,282

Note 17. Reserves

	2020 \$	2019 \$
Financial assets at fair value through other comprehensive income reserve	32,085	40,347
Capital reserve	181,588	181,588
MEPCA/EPC Scholarship reserve	64,658	63,968
	278,331	285,903

Refer to statement of changes in equity for reconciliation of movements.

Capital Reserve

Due to the withdrawal of Melbourne Eastern Palliative Care Association Inc. ("MEPCA") as a member of EPC, the members' contribution provided by MEPCA has been transferred to a capital reserve. Under the constitution the founding members do not have right to a refund in the event of their withdrawal.

MEPCA/EPC Scholarship Reserve

Upon the liquidation of Melbourne Eastern Palliative Care Association Inc. ("MEPCA"), the surplus of MEPCA's funds was donated to EPC. This contribution and interest earned on it have been set aside for MEPCA/EPC scholarship fund.

Note 18. Financial instruments

Financial Risk Management Objectives and Policies

The Association's principal financial instruments comprise the investment portfolio, receivables, payables and cash and short-term deposits. These activities expose the Association to a variety of financial risks: market risk, interest rate risk, credit risk and liquidity risk.

The Committee Members manage the different types of risks to which the Association is exposed by considering risk and monitoring levels of exposure to interest rates and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business budgets and forecasts.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 18. Financial instruments (continued)

	2020 \$	2019 \$
Financial Assets:		
Cash	2,146,023	2,828,666
Receivables	58,276	91,129
Other financial assets - current	2,109,959	2,607,082
Other financial assets - non current	2,914,477	2,909,236
Total Financial Assets	<u>7,228,735</u>	<u>8,436,113</u>
Financial Liabilities:		
Payables	(318,618)	(753,617)
Total Financial Liabilities	<u>(318,618)</u>	<u>(753,617)</u>
Net Exposure	<u>6,910,117</u>	<u>7,682,496</u>

Note 19. Eastern Metropolitan Region Palliative Care Consortium

During the financial year 2006 Eastern Palliative Care was appointed custodian for palliative care initiative funding provided by the Department of Health and Human Services (DHHS) to the Eastern Metropolitan Region Palliative Care Consortium. These funds are under the control of the Consortium and are therefore excluded from Eastern Palliative Care reports. The beneficiaries of these funds are determined by the Consortium members which includes Eastern Palliative Care.

Note 20. Key management personnel disclosures

	2020 \$	2019 \$
Aggregate compensation	<u>856,133</u>	<u>765,429</u>

Note 21. Volunteer Services

During the year, 220 volunteers have provided a total of 15,994 (2019: 17,711) hours of unpaid assistance to the Association covering various capacities including as Home based and Biography Volunteers supporting the Association's client base and in providing administrative support.

This excludes the significant number of hours our committee members contribute to the governance of the Association and other committees.

Note 22. Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (2019: NIL)

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2020

Note 23. Commitments

	2020 \$	2019 \$
<i>Operating Lease Commitments</i>		
Non-cancellable operating leases and licences contracted for but not capitalised in the financial statements, payable:		
Within one year	-	440,932
One to five years	-	931,437
	<u>-</u>	<u>1,372,369</u>

As at 1 July 2019, the incorporated association has recognised lease liabilities under AASB 16 Leases. Refer to Note 1 for the impact of adopt of the new accounting standard.

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties

No Committee Member has entered into any material contracts with the entity since the end of the previous financial year. No Committee Member has received/paid any amount from/to the entity during the year.

Loans to/from related parties

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

Note 25. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

EASTERN PALLIATIVE CARE ASSOCIATION INCORPORATED
COMMITTEE MEMBERS' DECLARATION
30 JUNE 2020

In the committee members' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



A Hunt OAM
Chairman



R Snyder AM
Treasurer

29 September 2020
Melbourne

INDEPENDENT AUDITOR'S REPORT

To the members of Eastern Palliative Care Association Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eastern Palliative Care Association Inc (the Association), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the committee members' declaration.

In our opinion the accompanying financial report of Eastern Palliative Care Association Inc, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Association's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Association's committee's report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of committee members for the Financial Report

The committee members of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the committee members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, committee members are responsible for assessing the Association'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 the committee members either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



James Mooney
Director

Melbourne, 29 September 2020

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF EASTERN PALLIATIVE CARE ASSOCIATION INC

As lead auditor of Eastern Palliative Care Association Inc for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 29 September 2020



Palliative care. Living well every day.

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