Link
Health and Community

2019 / 2020

Annual Report

Our Community Footprint 2019-20

Community Health

61%
female clients

39%
male clients

50%
clients born overseas

9.5%
clients requesting an interpreter

11 months
youngest client

104 years
oldest client

58,553
client contacts

22,899
appointments

Link Private Practice

19,451
appointments

13,374
individual patients

Dental

10,991
patients, including 6,741 children

NDIS - Early Childhood Early Intervention Partner

7,808
children and families supported

Our staff

255
(as at year end 19/20)

Our volunteers

165
volunteers

49
average age

19-92
age range

Letter from the CEO

Ben Leigh
Chief Executive Officer

The 2019-20 financial year has been one of enormous change at Link Health and Community.

In December 2019, we commenced the process of merging Link Health and Community into Latrobe Community Health Service (LCHS). LCHS has operated in Gippsland for more than 25 years, and more recently has expanded throughout regional Victoria, metropolitan Melbourne and Sydney. It is an organisation whose values, culture and vision align with ours. Both organisations are committed to community health and to excellence in care for our clients. We have similar program areas; we both provide NDIS, GP, dental, allied health, counselling and other community services.

The practical work of merging Link Health and Community into Latrobe Community Health Service took place in the shadow of COVID-19, which demanded a radical response to how we provide services to the community while keeping them – and our staff – safe.

When COVID-19 emerged as a serious domestic threat in March, we moved employees to work from home arrangements. However, many of our services – GP, allied health and dental – cannot be delivered from home. In these cases we were able to continue providing some services using a mix of telehealth and COVID-safe face-to-face appointments.

The Link Health and Community staff and volunteers are to be commended for their resilience and commitment to community health over the past year.

We are extraordinarily grateful for your efforts during a challenging year.

I am very enthusiastic about the year ahead. The 2019-20 financial year has positioned Link Health and Community to take full advantage of the opportunities the merger provides. Joining Latrobe Community Health Service strengthens our community health platform and ability to provide increasingly important health services for the community.

Ben Leigh
Chief Executive Officer

Letter from the Board Chair

Felicity Smith
Board Chairperson

This will be my last report as Chair and a Director after twenty years. As a result of the merger with Latrobe Community Health Service, there were several changes to the Link Health and Community Board.

We said farewell to Anton Gaudry, Gina Lyons, Peter Vlahos and Suzi Chen. Anton, Gina and Peter came on board at short notice during a difficult time for the organisation. They helped steer us to where we needed to be. Thank you to each of you for your contribution to the Link Health and Community Board. And thank you to Suzi for your passionate commitment and friendship over the years.

We welcomed Judith Walker, Mark Biggs and Stelvio Vido to the Board. Judi, Mark and Stelvio bring a wealth of knowledge and experience to their new Board roles, and will provide valuable stewardship to Link Health and Community.

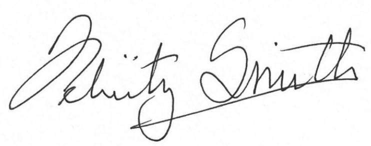
I also want to thank Sin Fong Chan for his friendship, loyalty and work. He has been on the Board on and off for nearly twenty years. Like myself, he is an original Board Member. Thanks also to Shree Vijayan for his work, loyalty and friendship during these difficult two years.

Thank you to past Board Members who have given their commitment and time, and to those whom we have lost, like Beth Crowther, Brenda Gabe and Tom Comber.

I would also like to thank Gregg Nicholls, our Interim CEO who came on board at the most difficult time for Link and steered us through stormy weather to the merger with Latrobe Community Health Service.

Community Health plays an important role in health and the community in all sorts of ways. It helps people who would not necessarily be able to stay at home, or who wouldn't receive the care and support they need to keep them out of hospital or some other facility. I leave knowing that Link Health and Community is in good hands.

Felicity Smith
Board Chair



Consolidated Financial Statements

For the Year Ended 30 June 2020

ABN 12 136 877 702

Link Health and Community Limited

ABN 12 136 877 702

Contents

For the Year Ended 30 June 2020

Directors' Report
For the Year Ended 30 June 2020

The directors present their report, together with the consolidated financial statements of the Group, being Link Health and Community Limited ("the Company") and its controlled entities, for the financial year ended 30 June 2020.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Felicity Smith	Elected to the Board in 2000
Qualifications	Chisholm TAFE – Computer File Management Course Oakleigh Technical School – Economics Diploma (Night School)
Experience	Felicity is an Order of Australia Medal recipient, a life member of Link Health and Community, an Honorary Justice of the Peace and Past President, a Paul Harris Fellow and currently, Secretary of the Rotary Club of Oakleigh, President of the Monash Reconciliation Group, and Past President of the Oakleigh District Historical Society. Felicity has worked in many fields including State and Federal Governments. Felicity has a wide range of experience in many community organisations including Kindergarten and School Communities, the Monash Ratepayers Association, the Epilepsy Foundation of Victoria and a lifetime membership of a major political party over a period of 40 years and has held executive positions in many of them. She is passionate about creating a better and healthier community environment. Felicity was previously Board Chair from November 2010 until November 2017.
Special responsibilities	Board Director Elected Chair in February 2019 Chair Remuneration and Nominations Committee Member of: - Finance and Audit Committee

Directors' Report

For the Year Ended 30 June 2020

Information on directors (continued)

Sin Fong Chan	Re-elected to the Board November 2017
Qualifications	Bachelor of Science (information Science) Graduate Diploma of Business Administration (Marketing) Advanced Diploma Estate Agency Cert IV Training and Assessment
Experience	For more than four decades, Sin Fong has been a volunteer. He was a founding member and/or a committee member of several community organisations including the Hong Kong Club, Chinese Association of Victoria, Asian Television Association of Australia, the first City of Monash Chinese Festival, and more recently U3A Wheelers Hill. In 1996, Sin Fong became a Community Visitor with Waverley Community Health Services and continued to serve under Link Health and Community Limited until 2018. He also volunteers in several aged care homes as a presenter of armchair travel to "bring the outside world to inside". After years of teaching and lecturing in community centres, colleges and university, he volunteers in a primary school assisting students in mathematics and with learning difficulties. Sin Fong imparts and shares his knowledge and life skills by frequent blogging, especially in the real estate field. He also mentors migrant job seekers. Sin Fong was one of the first members of the Board of MonashLink (now Link) in 2000 and served a subsequent term.
Special responsibilities	Board Director Member of - Finance and Audit Committee - Remuneration and Nominations Committee

Shree Vijayan	Elected to the Board June 2015
Qualifications	Bachelor of Commerce
Experience	Shree is a certified practising accountant and has gained extensive senior management experience within the healthcare industry working as the Financial Controller of a state owned health organization specializing in compliancy, strategy, planning, and financial management and reporting. He is currently employed as a Financial Controller of the Southern Migrant and Refugee Centre. He has a wealth of knowledge on corporate governance, risk management, compliance and reporting with a special interest in developing primary care centres to cater for the needs of the community. Shree is a Member of CPA Australia and a resident of the City of Monash for over 20 years.
Special responsibilities	Board Director Chair of Finance and Audit Committee Member of: - Remuneration and Nominations Committee

Directors' Report
For the Year Ended 30 June 2020

Information on directors (continued)

Suzi Chen	Elected to the Board May 2015
Qualifications	Doctor of Philosophy (Medical Sciences) Advanced Diploma in Management Diploma in Project Management Diploma in Graphic Design
Experience	Suzi has been a member of Link Health and Community since 2013 and was a Community Visitor prior to joining the Board in 2015. Suzi currently chairs Links Clinical Governance and Risk Committee. Suzi began her career at Dandenong Hospital as a medical researcher before accepting a management position in 2011, delivering multi million dollar projects that improved capability of the Victorian fire services. Suzi is passionate about building a resilient and equitable community and has designed and delivered many grassroots initiatives including programs for underprivileged children. Her advocacy in cultural diversity has taken her to more than twenty countries as Mongolia in the past ten years. Suzi was the 2015 National President of Junior Chamber of International (JCI) Australia, an organisation that empowers young people to better communities. In 2016, Suzi's passion for social justice led to her 1 year appointment to JCI's United Nations and External Affairs Committee, which had a strong focus on advancing global development agenda. In 2018 Suzi was the first female and non-Japanese Chair being appointed to JCI Partnership Committee. Part of her appointment, Suzi hosted an international partnership summit on the topic of gender equality at the UN Headquarters in New York City. Professionally, Suzi is a business strategist and manages Notonos Global, a consulting firm that specialises in strategy development through the lens of futuristic thinking.
Special responsibilities	Board Director Chair Clinical Governance and Quality Committee
Resignation	Resigned from the Board on 29 June 2020

Anton Gaudry	Co-opted to the Board in April 2019
Qualifications	Bachelor of Economics Master of Taxation
Experience	Anton is a chartered tax adviser and a chartered accountant. He has worked in his own businesses for over 25 years, all of which were focused on supporting and supplying the not for profit sector. He is very passionate about what he does, and always endeavours to deliver the best he can. He is naturally conscientious and empathetic. After university Anton joined one of the large accounting firms, specialising in tax. After 7 years, he established a tax training and information business, focusing on not for profits. Later he established a salary packaging business, again focusing on not for profits. After nearly 20 years, he sold the business in 2016. He has since established and runs his own ‘family office’, managing investment and philanthropic activities including the Gaudry Foundation.
Special responsibilities	Board Director Member of: - Finance and Audit Committee
Resignation	Resigned from the Board on 29 June 2020

Directors' Report
For the Year Ended 30 June 2020

Information on directors (continued)

Gina Lyons	Co-opted to the Board June 2019
Qualifications	Masters of Business Administration Practitioners Certificate in Mediation Graduate of Australian Institute of Company Directors
Experience	Gina’s career includes roles in service organisations, public and private and as a CEO of a municipal council. She has expertise in all aspects of business management, marketing, governance, advocacy and lobbying and public relations. She now runs her own consultancy business in Central Victoria and provides services to the private and public sector. Most recently she was a member of the Board of Hepburn Health Service, and is currently on the Board of UFS dispensaries Ltd and is involved in several community groups in Daylesford. Gina was a member of Link’s Board from 2009 until 2011.
Special responsibilities	Board Director Member of: - Finance and Audit Committee
Resignation	Resigned from the Board on 29 June 2020
Peter Vlahos	Appointed to the Board 24 June 2019
Qualifications	Bachelor of Jurisprudence Degree (Politics and Political Theory) Bachelor of Laws Degree (LL.B.) Postgraduate Diploma in International & European Community Law Postgraduate Diploma of Arts (Australian Politics)
Experience	Peter is a diligent, responsible and conscientious individual who maintains ethical standards, in his work and in his dealings with people. Progressive background of experience as Tutor, Lecturer/Researcher, Former Mayor & Councillor, Administrator and currently a Solicitor. Has applied himself successfully in the areas of Academia, Public Office, and the Law. Also experienced in: Strategic Planning, Policy Development & Implementation, Research & Analysis, Media/Public Relations and Office Administration. Established and cultivated effective relationships with the media, business and legal community and members of Parliament.
Special responsibilities	Board Director
Resignation	Resigned from the Board on 29 June 2020

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

Review of operations

The consolidated result of the Group for the financial year was a net deficit of $1,745,661 (30 June 2019: net deficit of $1,936,097).

The Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Members' guarantee

Link Health and Community Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the Constitution states that each member is required to contribute to a maximum of $10 each towards meeting any outstanding obligations of the company.

Directors' Report
For the Year Ended 30 June 2020

Members' guarantee (continued)

At 30 June 2020, the number of members was 120 (2019: 147) accordingly, the collective liability of members was $1,200 (2019: $1,470).

Significant events during the year

On the 13th December 2019, Link Health & Community Ltd and controlled entity Link Private Practice Pty Ltd (LinkHC entity) entered into a merger agreement with Latrobe Community Health Service Ltd (LCHS) with the merger to be implemented by the merger date of 1st July 2020. The agreed activities of LinkHC to be merged with LCHS to establish a single merged provider of community health service (including disability) which services Victorian communities.

Meetings of directors

During the financial year, 16 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance & Audit Committee Meetings		Clinical Governance and Quality Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Felicity Smith	11	9	4	4	1	1
Sin Fong Chan	11	11	4	3	1	1
Suzi Chen	11	11	-	-	-	-
Anton Gaudry	11	9	4	4	-	-
Gina Lyons	11	7	4	4	-	-
Shree Vijayan	11	10	4	4	1	1
Peter Vlahos	11	4	-	-	-	-

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 6 of the consolidated financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: Felicity Smith ....
Felicity Smith

Director: T S Vijayan ....
Shree Vijayan

Dated this ....2nd.............. day of ....November... 2020

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Link Health and Community Limited for the year ended 30 June 2020.

This declaration is in relation to the Link Health and Community Limited and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
2 November 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Service revenue	4	**23,447,720**	24,386,961
Other income	4	**1,100,841**	1,968,308
	4	**24,548,561**	26,355,269
Employee benefits expense		**(19,647,678)**	(19,515,676)
Other expenses		**(1,292,221)**	(2,131,389)
Depreciation and amortisation	5	**(1,228,126)**	(762,807)
Consumables		**(452,040)**	(259,991)
Occupancy expense		**(385,090)**	(1,084,162)
Repairs and maintenance		**(271,101)**	(563,889)
Oral vouchers		**(228,867)**	(271,284)
Advertising		**(79,157)**	(89,618)
Finance costs	5	**(53,796)**	(16,353)
Medical supplies		**(268,301)**	(210,708)
Insurance		**(71,121)**	(64,506)
Telephone expenses		**(252,641)**	(285,749)
Printing and photocopying		**(70,521)**	(193,581)
Interpreter services		**(159,558)**	(170,676)
Memberships and subscriptions		**(110,152)**	(127,236)
Consultancy expenses		**(245,019)**	(504,847)
Motor vehicle expenses		**(68,337)**	(385,344)
Electricity		**(177,495)**	(146,547)
Legal fees		**(80,294)**	(253,567)
Recruitment costs		**(172,961)**	(348,170)
Computer expenses		**(732,687)**	(416,560)
Cleaning		**(154,092)**	(125,852)
Professional fees		**(36,274)**	(38,653)
Impairment loss on non-financial assets	12	**(15,616)**	(283,368)
Write-back of related party receivable	22(b)	**-**	(100,000)
Net gain/(loss) on disposal of non-current assets	5	**(41,077)**	7,071
Share of net profits of equity-accounted joint ventures	24	**-**	52,096
		(26,294,222)	(28,291,366)
Surplus/(deficit) for the year		**(1,745,661)**	(1,936,097)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Items that will be reclassified to profit or loss when specific conditions are met		**-**	-
Total comprehensive income for the year		**(1,745,661)**	(1,936,097)

The accompanying notes form part of these financial statements.

Link Health and Community Limited

ABN 12 136 877 702

Consolidated Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**3,164,353**	1,951,074
Trade and other receivables	7	**60,080**	294,247
Inventories	8	**108,547**	128,599
Other financial assets	9	**2,000,000**	4,045,848
Contract assets	10	**461,333**	-
Other assets	13	**67,369**	829,555
TOTAL CURRENT ASSETS		**5,861,682**	7,249,323
NON-CURRENT ASSETS			
Property, plant and equipment	11	**8,465,000**	9,149,394
Intangible assets	12	**-**	1,802,179
Right-of-use assets	14	**2,567,674**	-
Investment in joint ventures	24	**-**	61,989
TOTAL NON-CURRENT ASSETS		**11,032,674**	11,013,562
TOTAL ASSETS		**16,894,356**	18,262,885
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**809,192**	1,738,870
Employee benefits	17	**1,904,599**	2,976,272
Other liabilities	16	**4,416,611**	3,043,908
Lease liabilities		**538,985**	-
TOTAL CURRENT LIABILITIES		**7,669,387**	7,759,050
NON-CURRENT LIABILITIES			
Employee benefits	17	**832,379**	718,048
Lease liabilities		**352,463**	-
TOTAL NON-CURRENT LIABILITIES		**1,184,842**	718,048
TOTAL LIABILITIES		**8,854,229**	8,477,098
NET ASSETS		**8,040,127**	9,785,787
MEMBERS' FUNDS			
Accumulated surplus	18	**8,040,126**	9,785,787
TOTAL MEMBERS' FUNDS		**8,040,126**	9,785,787

The accompanying notes form part of these financial statements.

Consolidated Statement of Members' Funds

For the Year Ended 30 June 2020

2020

	Accumulated Surplus	Total
	$	$
Balance at 1 July 2019	**9,785,787**	**9,785,787**
Surplus/(deficit) for the year	**(1,745,661)**	**(1,745,661)**
Balance at 30 June 2020	**8,040,126**	**8,040,126**

2019

	Accumulated Surplus	Total
	$	$
Balance at 1 July 2018	11,721,884	11,721,884
Surplus/(deficit) for the year	(1,936,097)	(1,936,097)
Balance at 30 June 2019	9,785,787	9,785,787

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**29,119,794**	30,038,824
Payments to suppliers and employees		**(29,667,665)**	(29,235,747)
Interest received		**86,833**	162,670
Interest paid		**(49,992)**	(16,353)
Net cash provided by/(used in) operating activities		**(511,030)**	949,394
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**97,915**	430,749
Purchase of property, plant and equipment		**(59,353)**	(640,587)
Payment for business acquisition, net of cash acquired		**-**	(348,128)
Purchase of financial assets		**-**	(2,008,286)
Proceeds from disposal of financial assets		**2,107,837**	-
Net cash provided by/(used in) investing activities		**2,146,399**	(2,566,252)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**100,000**	-
Repayment of lease liabilities		**(522,091)**	-
Net cash provided by/(used in) financing activities		**(422,091)**	-
Net increase/(decrease) in cash and cash equivalents held		**1,213,278**	(1,616,858)
Cash and cash equivalents at beginning of year		**1,951,074**	3,567,932
Cash and cash equivalents at end of financial year	6(a)	**3,164,352**	1,951,074

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

The consolidated financial report covers Link Health and Community Limited and its controlled entities ('the Group'). Link Health and Community Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors on 02 November 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012.*

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. The financial statements have been prepared on a going concern basis.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Group has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Group performed an impact assessment regarding the application of AASB 15 and AASB 1058. The assessment identified that the application of this standard had no significant impact on the timing of revenue recognition for the Group.

The Group has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Group's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

AASB 15 *Revenue from Contracts with Customers*

The Group 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.

2 Change in Accounting Policy (continued)

Revenue from Contracts with Customers - Adoption of AASB 15 (continued)

AASB 1058 *Income of Not-for-Profit Entities*

The Group 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.

AASB 15 and AASB 1058 supersede AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions* and related interpretations, and apply to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. There were no adjustments on adoption of AASB 15 and AASB 1058 taken to accumulated surplus at 1 July 2019.

Leases - Adoption of AASB 16

The Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Group as a lessee

Under AASB 117, the Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the consolidated statement of financial position (except for short-term leases and leases of low value assets).

2 Change in Accounting Policy (continued)

Leases - Adoption of AASB 16 (continued)

Impact of adoption of AASB 16 (continued)

The Group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the consolidated statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the consolidated statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Financial statement impact of adoption of AASB 16

The Group has recognised right-of-use assets of $1,409,736 and lease liabilities of $1,409,736 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 2.77%.

	$
Operating lease commitments at 30 June 2019 financial statements	1,479,851
Discounted using the incremental borrowing rate at 1 July 2019	1,328,777
Add:	
Extension options reasonably certain to be exercised not included in the commitments note	80,959
Lease liabilities recognised at 1 July 2019	1,409,736

3 Summary of Significant Accounting Policies

(a) Revenue and other income

For the comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Rendering of services

Revenue in relation to rendering of services is recognised upon the delivery of the service to customers.

Client fees

Client fee income is recognised when the fee in respect of services provided is receivable.

Grant revenue

Reciprocal grants

Grants received on the condition that specified services being delivered, or conditions fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

Non-reciprocal grants

Revenue is recognised when the grant is received or receivable.

Revenue from contracts with customers

For the current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

3 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Revenue from contracts with customers (continued)

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Rendering of services

Revenue from provision of services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided as the customer receives and uses the benefit simultaneously.

Client fees

Client fees income is recognised when the service is provided.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

Grant revenue

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 Revenue from Contracts with Customers as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Group has an unconditional right to receive the cash which usually coincides with receipt

3 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Grant revenue (continued)

of cash. On initial recognition of the asset, the Group recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

a) contributions by owners, in accordance with AASB 1004 Contributions, contributions by owners;

b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15 Revenue from Contracts with Customers;

c) a lease liability in accordance with AASB 16 Leases;

d) a financial instrument, in accordance with AASB 9 Financial Instruments; or

e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Asset.

As a result of the transitional impacts of adopting AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit entities, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15 Revenue from Contracts with Customers, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the company controls has been recognised in accordance with AASB 1058 Income of Not-for-profit entities, and recognised as deferred grant revenue.

Performance obligations

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control of a good or a service to the customer. As the fees are generated and sales made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the rendering of services as a result of the adoption of AASB 15. Revenue is recognised when, or as, the performance obligation for the sale of goods or rendering of services to the customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

The types of government grants recognised under AASB 15 Revenue from Contracts with Customers includes:

- NDIS grant
- other one-off grants if funding condtiions contain enforceable and sufficiently specific performance obligations

The performance obligations for NDIS are number and mix of customers provided care in accordance with levels of activity agreed with National Disability Insurance Agency (NDIA). Revenue is recognised when the service is provided. The performance obligations have been selected as they align with the funding conditions set out in the agreement with NDIA.

For other grants with performance obligations, the Group exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

3 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Interest revenue

Interest is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Donations and contributions

Donation and contribution revenue is recognised when received, at the fair value of the asset transferred unless designated for a specific purpose, where they are carried forward as prepaid income in the Statement of Financial Position.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following category, those measured at:

- amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

3 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

3 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Properties that are held for strategic purpose or to provide a social service and that generate cash inflows where the rental revenue is incidental to the purpose for holding the property, do not meet the definition of investment properties and are classified as properties in accordance with AASB 116.

Land and buildings

Land and buildings are measured using the cost model. Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Freehold land and buildings are subsequently measured at cost, less any subsequent accumulated depreciation and accumulated impairment losses. At each balance date, the carrying amount of each asset is reviewed for impairment losses at reporting date.

Plant and equipment

Plant and equipment are measured using the cost model. Where plant and equipment was acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

3 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Leasehold Land	Nil
Plant and Equipment	10-35%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	20-25%
Computer Equipment	20-33.3%
Clinical equipment	15-35%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. The depreciation rates are same as last year.

(f) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of impairment for its non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits, the recoverable amount is assessed on the basis of the asset's depreciated replacement cost which is defined as the current replacement cost less accumulated depreciation calculated on the basis of such cost.

(g) Provisions

Provisions are recognised when the Group 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.

3 Summary of Significant Accounting Policies (continued)

(h) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. 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 change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(i) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

3 Summary of Significant Accounting Policies (continued)

(j) Basis for consolidation (continued)

Appropriate adjustments have been made to a controlled entity’s financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 23 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Link Health and Community Limited has determined that it has only joint ventures.

Joint ventures

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer’s share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer’s share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

(k) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(l) Leases

For the comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

3 Summary of Significant Accounting Policies (continued)

(l) Leases (continued)

For the current year

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3 Summary of Significant Accounting Policies (continued)

(l) Leases (continued)

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Economic dependence

Link Health and Community Limited is dependent on the grant funding which comes from State, Federal and local sources for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the funding sources will not continue to support Link Health and Community Limited.

Notes to the Financial Statements

For the Year Ended 30 June 2020

4 Revenue and Other Income

	2020 $	2019 $
Revenue and income		
- Grants	**21,860,257**	22,239,629
- Client fees	**1,546,515**	2,066,865
- Program charges	**40,948**	80,467
Revenue and income	**23,447,720**	24,386,961
Other Income		
- Interest income	**86,833**	174,115
- Other revenue	**1,014,008**	1,794,193
	1,100,841	1,968,308
Total revenue and other income	**24,548,561**	26,355,269

5 Result for the Year

The result for the year includes the following specific expenses:

	2020 $	2019 $
Finance costs		
- Bank charges	**13,530**	16,353
- Interest expense on lease liability	**40,266**	-
Total finance costs	**53,796**	16,353
Depreciation and amortisation		
Depreciation		
- Buildings	**79,121**	96,157
- Plant and equipment	**20,652**	26,394
- Furniture, fixtures and fittings	**29,177**	28,458
- Motor vehicles	**176,327**	193,083
- Computer equipment	**185,361**	194,951
- Leasehold improvements	**69,589**	77,593
- Clinical equipment	**39,274**	47,530
- Right-of-use assets	**628,625**	-
	1,228,126	664,166
Amortisation		
- Intangibles	**-**	98,641
Total depreciation and amortisation	**1,228,126**	762,807
Net loss on disposal of property, plant and equipment	**41,077**	(7,071)
Impairment of receivables:		
- Bad debts written off	**94,649**	5,809

5 Result for the Year (continued)

	2020	2019
	$	$
Short-term and/or low value leases:		
- Minimum lease payments	**355,295**	1,050,125

6 Cash and Cash Equivalents

	Note	2020	2019
		$	$
Cash on hand		**1,020**	1,566
Cash at bank		**381,500**	326,585
Short-term deposits		**2,772,723**	1,613,814
Other cash and cash equivalents		**9,110**	9,109
Total cash and cash equivalents	6(a)	**3,164,353**	1,951,074

(a) Reconciliation of cash

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	Note	2020	2019
Cash and cash equivalents	6	**3,164,353**	1,951,074
Balance as per consolidated statement of cash flows		**3,164,353**	1,951,074

7 Trade and Other Receivables

	Note	2020	2019
		$	$
CURRENT			
Trade receivables		**62,879**	297,046
Loss allowance	7(a)	**(2,799)**	(2,799)
Total trade and other receivables		**60,080**	294,247

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2020	2019
Balance at beginning of the year	**2,799**	-
Additional impairment loss recognised	**-**	2,799
Balance at end of the year	**2,799**	2,799

All of the above trade and other receivables are categorised as financial assets at amortised cost as discussed in Note 3(d).

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

8 Inventories

	2020 $	2019 $
CURRENT		
At cost:		
Finished goods	**108,547**	128,599
Total current inventories	**108,547**	128,599

9 Other Financial Assets

	2020 $	2019 $
CURRENT		
Financial assets at amortised cost		
Term deposit	**2,000,000**	4,045,848
Total other financial assets	**2,000,000**	4,045,848

10 Contract Assets

	2020 $	2019 $
CURRENT		
Accrued revenue	**461,333**	-
Total current contract assets	**461,333**	-

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Property, plant and equipment

	2020 $	2019 $
Land and Buildings*		
At cost	**8,576,004**	8,689,238
Accumulated depreciation	**(317,430)**	(304,709)
Accumulated impairment loss	**(1,002,884)**	(1,002,884)
Total land and buildings	**7,255,690**	7,381,645
Capital works in progress		
At cost	**122,357**	168,060
Total capital works in progress	**122,357**	168,060
Plant and equipment		
At cost	**549,863**	564,885
Accumulated depreciation	**(470,849)**	(459,698)
Total plant and equipment	**79,014**	105,187
Furniture, fixtures and fittings		
At cost	**519,581**	519,581
Accumulated depreciation	**(408,401)**	(379,224)
Total furniture, fixtures and fittings	**111,180**	140,357
Motor vehicles		
At cost	**1,327,368**	1,390,450
Accumulated depreciation	**(831,055)**	(695,747)
Total motor vehicles	**496,313**	694,703
Computer equipment		
At cost	**1,128,552**	1,152,769
Accumulated depreciation	**(989,008)**	(874,584)
Total computer equipment	**139,544**	278,185
Leasehold Improvements		
At cost	**304,252**	337,029
Accumulated amortisation	**(206,348)**	(151,081)
Total leasehold improvements	**97,904**	185,948
Clinical equipment		
At cost	**752,854**	745,891
Accumulated depreciation	**(589,856)**	(550,582)
Total clinical equipment	**162,998**	195,309
Total property, plant and equipment	**8,465,000**	9,149,394

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Property, plant and equipment (continued)

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 current financial year:

	Capital Works in Progress	Land and Buildings*	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Clinical Equipment	Total
	$	$	$	$	$	$	$	$	$
Year ended 30 June 2020									
Balance at the beginning of year	168,060	7,381,645	105,187	140,357	694,703	278,185	185,948	195,309	9,149,394
Additions	-	-	3,597	-	-	48,795	-	6,963	59,355
Disposals	-	(46,834)	(13,414)	-	(22,063)	(2,075)	(13,202)	-	(97,588)
Write offs	(41,407)	-	-	-	-	-	-	-	(41,407)
Transfers	(4,296)	-	4,296	-	-	-	-	-	-
Depreciation expense	-	(79,121)	(20,652)	(29,177)	(176,327)	(185,361)	(69,589)	(39,274)	(599,501)
Balance at the end of the year	122,357	7,255,690	79,014	111,180	496,313	139,544	103,157	162,998	8,470,253

* Caveats have been placed on 8-10 Johnson Street, Oakleigh and 1 Mill Road, Oakleigh which are included in land and buildings with a combined carrying amount of $7,255,690 (2019: $7,381,645). The caveats were registered on 5 March 2019 prohibiting the sale of the properties without written consent from Small Giants Oaklegh Pty Ltd.

12 Intangible Assets

	2020	2019
	$	$
Right to occupy		
At cost	-	2,401,491
Accumulated amortisation	-	(614,928)
Net carrying value	-	1,786,563
Goodwill - Brighton Practice		
At cost	**75,000**	75,000
Accumulated impairment losses	**(75,000)**	(59,384)
Net carrying value	-	15,616
Goodwill - Avocare		
Cost	-	264,618
Accumulated impairment losses	-	(264,618)
Net carrying value	-	-
Total intangible assets	-	1,802,179

(a) Movements in carrying amounts of intangible assets

	Right to Occupy	Goodwill - Brighton Practice	Goodwill - Avocare	Total
	$	$	$	$
Year ended 30 June 2020				
Balance at the beginning of the year	**1,786,563**	**15,616**	-	**1,802,179**
Additions	-	-	-	-
Reclassification on adoption of AASB 16	**(1,786,563)**	-	-	**(1,786,563)**
Impairment loss	-	**(15,616)**	-	**(15,616)**

(b) Right to occupy

The right to occupy relates to the Euneva Avenue Property in Glen Waverley, which is owned by the City of Monash. The Group contributed to the cost of acquisition and development of this site through an agreement with the Department of Health, however ownership will remain with the City of Monash. Currently, the Group has a peppercorn sub-lease for the term of 25 years with the Department of Health who in turn has a lease with the City of Monash. This was part of a two stage development that involved a project in Johnson Street Oakleigh which was completed in 2016. From 1 July 2019, on adoption of AASB 16, the right to occupy has been reclassified to Right of Use Assets.

Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Other Assets

	2020	2019
	$	$
CURRENT		
Prepayments	**7,563**	160,870
Accrued income	**-**	587,827
Other current assets	**59,806**	80,858
Total current other assets	**67,369**	829,555

14 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Group as a lessee

The Group has a lease agreement on a property used in its operations.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings and equipment:

The Group leases buildings and equipments for their corporate offices, the leases are generally between 2 - 5 years and some of the leases include a renewal option to allow the Group to renewal.

Right-of-use assets

	Buildings	Total
	$	$
Year ended 30 June 2020		
Adjustment on adoption of AASB 16 at 1 July 2019	**3,811,227**	**3,811,227**
Less: Accumulated depreciation	**(1,243,553)**	**(1,243,553)**
Balance at end of year	**2,567,674**	**2,567,674**

Notes to the Financial Statements

For the Year Ended 30 June 2020

15 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Financial liabilities measured at amortised cost		
Trade payables	**157,525**	505,839
Accrued expenses	**209,603**	793,210
Other payables	**-**	54,606
	367,128	1,353,655
Other		
GST payable	**442,064**	385,215
	442,064	385,215
Total trade and other payables	**809,192**	1,738,870

The above liabilities are all unsecured.

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

16 Contract Liabilities (2019: Other Liabilities)

	2020	2019
	$	$
CURRENT		
Grants received in advance	**4,379,635**	3,023,865
Other liabilities	**36,976**	20,043
Total current contract liabilities (2019: other liabilities)	**4,416,611**	3,043,908

Notes to the Financial Statements

For the Year Ended 30 June 2020

17 Employee Benefits

	2020 $	2019 $
CURRENT		
Provision for long service leave	**776,508**	1,074,649
Provision for annual leave	**1,128,091**	1,186,231
Provision for back pay	**-**	715,392
Total current employee benefits	**1,904,599**	2,976,272
NON-CURRENT		
Provision for annual leave	**832,379**	718,048
Total non-current employee benefits	**832,379**	718,048

18 Retained Earnings

	2020 $	2019 $
Retained earnings at the beginning of the financial year	**9,785,787**	11,721,884
Net surplus/(deficit)	**(1,745,661)**	(1,936,097)
Retained earnings at end of the financial year	**8,040,126**	9,785,787

19 Leasing Commitments

Operating leases

	2020 $	2019 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**-**	588,907
- between one year and five years	**-**	890,944
	-	1,479,851

Notes to the Financial Statements

For the Year Ended 30 June 2020

20 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		2020	2019
		$	$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	6	**3,164,353**	1,951,074
- Trade and other receivables	7	**60,080**	294,247
- Term deposits	9	**2,000,000**	4,045,848
Total financial assets		**5,224,433**	6,291,169
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	15	**367,128**	1,353,655
'- Lease liabilities		**891,448**	-
Total financial liabilities		**1,258,576**	1,353,655

21 Key Management Personnel Remuneration

The Group's key management personnel consist of the directors and senior management.

The names of the directors in office at any time during the year are:

- Felicity Smith	- Shree Vijayan
- Sin Fong Chan	- Suzi Chen
- Anton Gaudry	- Gina Lyons

Key management personnel remuneration included within employee expenses for the year is shown below:

	2020	2019
	$	$
Short-term employee benefits	**943,067**	1,246,535
Long-term benefits	**10,079**	43,811
Post-employment benefits	**97,726**	142,007
Total key management personnel remuneration	**1,050,872**	1,432,353

Notes to the Financial Statements
For the Year Ended 30 June 2020

22 Related Parties

(a) The Group's main related parties are as follows:

- Key management personnel - refer to Note 21.

- Joint arrangements - refer to Note 24.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

			Balance outstanding		
	Purchases	**Sales**	**Owed to the Group**	**Owed by the Group**	**Write-back of receivable**
Joint venture					
Sale of services	-	1	-	-	-

There were no other transactions with related parties entered into during the year ended 30 June 2020 (2019: Nil).

23 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	**Percentage Owned (%)* 2020**	**Percentage Owned (%)* 2019**
Subsidiaries:			
Link Private Practice Pty Ltd	Australia	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Link Private Practice Pty Ltd

Link Private Practice Pty Ltd was incorporated on 26 September 2017, of which the Company is the sole member.

24 Interests in Joint Arrangements

	Type of joint arrangement	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
Joint arrangements:				
Sandringham Ambulatory Care Centre Pty Ltd	Joint venture	Australia	-	50

* The percentage of ownership interest held is equivalent to the percentage voting rights for all joint arrangements.

The table below summarises, in aggregate, the financial information of the Group's share in joint ventures.

	2020 $	2019 $
Opening investment in joint ventures	**61,988**	9,892
Share of joint ventures for the year	-	52,096
Disposal of joint venture	**(61,988)**	-
Carrying amount of investments in joint ventures	-	61,988
Share of those joint ventures:		
Profit or loss from continuing operations	-	52,096
Other comprehensive income	-	-
Total comprehensive income	-	52,096

25 Parent entity

The following information has been extracted from the books and records of the parent, Link Health and Community Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Link Health and Community Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Notes to the Financial Statements

For the Year Ended 30 June 2020

25 Parent entity (continued)

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2020 $	2019 $
Statement of Financial Position		
Assets		
Current assets	**7,298,720**	7,600,153
Non-current assets	**10,633,810**	11,006,836
Total Assets	**17,932,530**	18,606,989
Liabilities		
Current liabilities	**7,505,626**	7,513,327
Non-current liabilities	**951,706**	713,556
Total Liabilities	**8,457,332**	8,226,883
Equity		
Retained earnings	**9,475,198**	10,380,106
Total Equity	**9,475,198**	10,380,106
Statement of Profit or Loss and Other Comprehensive Income		
Total surplus or deficit for the year	**(904,908)**	(1,425,220)
Total comprehensive income	**(904,908)**	(1,425,220)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

27 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstandings and obligations of the Company. At 30 June 2020 the number of members was 120 (2019: 147).

28 Events after the end of the Reporting Period

The consolidated financial report was authorised for issue on 02 November 2020 by the Board of Directors.

The Victorian Government applied Stage 4 restrictions on 2 August 2020 as a result of the rising COVID-19 cases in Great Metropolitan Melbourne. The Group continued to operate within the government's permitted activities.

28 Events after the end of the Reporting Period (continued)

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Group by the reporting date. As responses by the government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Group, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 8 November 2020 and the state of disaster is still in place. Any future changes to the Group's operations relating to COVID-19 will be in response to the Victorian Government's directions. the Group's operations relating to COVID-19 will be in response to the Victorian Government's directions.

Effective 1 July 2020, the operations of Link Health & Community Limited, including its assets and liabilities, were transferred to Latrobe Community Health Service (LCHS). The Board believes that LCHS has a reputation and standard of services similar to that of the Company making this an effective partnership.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

29 Group Details

The registered office and principal place of business of the Group is:

Link Health and Community Limited
2 Euneva Ave
GLEN WAVERLY VIC 3150

Link Health and Community Limited

ABN 12 136 877 702

Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 7 to 38, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:

    a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company and consolidated group.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .... Felicity Smith

Director .... Shree Vijayan

Dated this ....2nd........ day of ....November.......... 2020

HLB MANN JUDD

INDEPENDENT AUDITOR'S REPORT
to the Members of Link Health and Community Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Link Health and Community Limited ("the Entity") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Opinion

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

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

Responsibilities of Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HLB MANN JUDD

We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
2 November 2020

Link
Health and Community

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www.linkhc.org.au

VICTORIA State Government

Link Health and Community acknowledges the support of the Victorian State and Federal Governments