

**TO THE COMMITTEE MEMBERS OF THE
HEADWAY GIPPSLAND INC**

Scope

We have audited the Financial Statements, consisting of income and expenditure statements and associated schedules of the HEADWAY GIPPSLAND INC for the year ended 30th June 2022.

The members of the Association are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of the financial statements in order to express an opinion on them to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, these financial statements are presented fairly in accordance with Australian Accounting Standards and other professional reporting requirements, so as to present a view of the entity which is consistent with our understanding of its financial position and the results of its operation.

The audit opinion expressed in this report has been formed on this basis.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian auditing standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material mis-statement of the financial report that presents fairly 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the financial report of HEADWAY GIPPSLAND INC gives a true and fair view of the HEADWAY GIPPSLAND INC financial position as at 30th June 2022, and of its financial performance and its cash flows for the year then ended on that date and complies with Australian accounting standards to the extent described in the financial reports.

Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the members financial reporting responsibilities under the constitution and the *Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose.

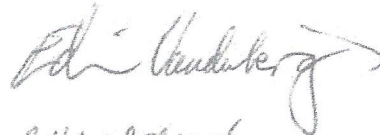
GIPPSLAND ACCOUNTING & FINANCIAL SERVICES

Certified Practising Accountants



JOHN MECKLENBURGH CPA

6 October 2022



CHAIRPERSON
HEADWAY GIPPSLAND INC.



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Not-For-Profit - Association Report

Headway Gippsland Inc

ABN 16 523 652 920

As at 30 June 2022

Prepared by Gippsland Accounting Solutions Pty Ltd

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Assets and Liabilities Statement

Headway Gippsland Inc As at 30 June 2022

| | NOTES | 30 JUN 2022 | 30 JUN 2021 |
|--|-------|------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | 838,214 | 929,010 |
| Trade and Other Receivables | 3 | 214,126 | 100,408 |
| NDIS Expense Clearing Account | | (339,090) | 879,179 |
| GST Receivable | | 16,967 | 11,177 |
| Other Current Assets | | | |
| Rental Bonds | | 6,499 | 6,375 |
| Rent paid in Advance | | - | 2,250 |
| Investments:Bendigo Term Deposit | | 2,006,966 | 1,500,000 |
| Investments:Share Investments | | 500 | 500 |
| Total Other Current Assets | | 2,013,966 | 1,509,125 |
| Total Current Assets | | 2,744,183 | 3,428,900 |
| Non-Current Assets | | | |
| Plant and Equipment and Vehicles | 5 | 96,854 | 170,078 |
| Land and Buildings | | 548,800 | 548,800 |
| Other Non-Current Assets | | 24,037 | - |
| Total Non-Current Assets | | 669,691 | 718,878 |
| Total Assets | | 3,413,874 | 4,147,778 |
| Liabilities | | | |
| Current Liabilities | | | |
| State Trustee Funds | | - | 70 |
| Trade and Other Payables | 6 | 25,348 | 767,143 |
| Accrued Expenses EOY | | - | 1,822 |
| Deferred Income | 7 | 33,547 | 69,866 |
| Provisions | 8 | 228,508 | 209,862 |
| Employee Entitlements | 9 | 72,996 | 103,557 |
| Total Current Liabilities | | 360,399 | 1,152,320 |
| Other Current Liabilities | | | |
| Rounding | | - | - |
| Total Other Current Liabilities | | - | - |
| Total Liabilities | | 360,398 | 1,152,320 |
| Net Assets | | 3,053,476 | 2,995,458 |
| Member's Funds | | | |
| Capital Reserve | | | |
| Current Year Earnings | | 58,018 | 1,031,704 |
| Retained Earnings | | 2,343,789 | 1,312,085 |

| | NOTES | 30 JUN 2022 | 30 JUN 2021 |
|------------------------------|-------|------------------|------------------|
| Asset Revaluation Reserve | | 651,669 | 651,669 |
| Total Capital Reserve | | 3,053,476 | 2,995,458 |
| Total Member's Funds | | 3,053,476 | 2,995,458 |

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached

Income and Expenditure Statement

Headway Gippsland Inc
 For the year ended 30 June 2022

| | 2022 | 2021 |
|--|------------------|------------------|
| Income | | |
| Income | | |
| CHSP Funding | - | 32,513 |
| NDIS Funding | 4,516,728 | 4,439,975 |
| Client Contributions | 7,748 | 5,503 |
| Government Grants | - | 198,604 |
| Other Funding | - | 266 |
| Other Income | 30,775 | 391,641 |
| Profit on Sale of Motor Vehicle | 31,866 | - |
| Other Funding Workcover Reimb | 64,159 | - |
| Total Income | 4,651,274 | 5,068,502 |
| Total Income | 4,651,274 | 5,068,502 |
| Gross Surplus | 4,651,274 | 5,068,502 |
| Expenditure | | |
| Accounting/Bookkeeping | 27,024 | 26,240 |
| Advertising & Marketing | - | 453 |
| Auditors | 3,100 | 4,000 |
| Bank Fees & Charges | 3,974 | 2,226 |
| Client Services | 7,901 | 7,544 |
| Consultants | 51,007 | 106,571 |
| Depreciation | 49,335 | 58,143 |
| Governance Expenses | 6,579 | 12,335 |
| Insurance | 29,531 | 7,428 |
| Lease Costs | 787 | 3,036 |
| Legal Services | 1,365 | 2,030 |
| Loss on Disposal of Equipment | - | 117 |
| Maintenance & Repairs | 84,214 | 83,257 |
| Motor Vehicles | 10,107 | 14,954 |
| Office Supplies and Postage | 17,301 | 15,225 |
| Rent | 87,620 | 65,279 |
| Salary & Wages | 3,904,417 | 3,444,766 |
| Telephone | 29,109 | 29,319 |
| Travel | 262,852 | 139,663 |
| Utilities | 17,034 | 14,214 |
| Total Expenditure | 4,593,257 | 4,036,798 |
| Current Year Surplus/ (Deficit) Before Income Tax Adjustments | 58,018 | 1,031,704 |
| Current Year Surplus/(Deficit) Before Income Tax | 58,018 | 1,031,704 |
| Net Current Year Surplus After Income Tax | 58,018 | 1,031,704 |



Depreciation Schedule

Headway Gippsland Inc

For the year ended 30 June 2022

| COST ACCOUNT | NAME | PURCHASED | COST | OPENING VALUE | PURCHASES | DISPOSALS | DEPRECIATION | CLOSING VALUE |
|---|------|-----------|----------------|----------------|--------------|---------------|---------------|---------------|
| Plant & Equipment:Furniture & Equipment at Cost | | | 220,944 | 65,046 | 7,882 | - | 31,020 | 41,908 |
| Plant & Equipment:Motor Vehicles:Motor Vehicles at Cost | | | 237,575 | 105,032 | - | 31,771 | 18,315 | 54,946 |
| Total | | | 458,519 | 170,078 | 7,882 | 31,771 | 49,335 | 96,854 |

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Notes to the Financial Statements

Headway Gippsland Inc For the year ended 30 June 2022

1. Summary of Significant Accounting Policies

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act Victoria. The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Impairment of Assets

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

Employee Provisions

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

Provisions

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

Cash on Hand

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

Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

If conditions are attached to the grant that must be satisfied before the association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

Financial Assets

Investments in financial assets are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value, which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

Accounts Payable and Other Payables

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

| | 2022 | 2021 |
|---|---------|---------|
| 2. Cash on Hand | | |
| Bank Acc Bendigo:BB General Cash Investment | 529 | 528 |
| Bank Acc Bendigo:BB Gift Fund Cash Investment | 311,484 | 561,079 |

| | | |
|--|----------------|----------------|
| Bank Acc Bendigo:BB Mastercard Account | 2,895 | 1,428 |
| Bank Acc Bendigo:BB Operations | 511,551 | 356,232 |
| Petty Cash | 634 | 1,119 |
| SSG Funds | 11,121 | 8,622 |
| Total Cash on Hand | 838,214 | 929,010 |
| | 2022 | 2021 |

3. Trade and Other Receivables

| | | |
|--|----------------|----------------|
| Trade Receivables | | |
| Accounts Receivable | 36,552 | 33,468 |
| NDIS Debtor Unbilled | 177,573 | 66,940 |
| Total Trade Receivables | 214,126 | 100,408 |
| Total Trade and Other Receivables | 214,126 | 100,408 |
| | 2022 | 2021 |

4. Land and Buildings

| | | |
|---------------------------------|----------------|----------------|
| Buildings | | |
| Buildings at Cost | 548,800 | 548,800 |
| Total Buildings | 548,800 | 548,800 |
| Total Land and Buildings | 548,800 | 548,800 |
| | 2022 | 2021 |

5. Plant and Equipment, Motor Vehicles

| | | |
|--|---------------|----------------|
| Plant and Equipment | | |
| Plant and Equipment at Cost | 220,944 | 213,062 |
| Accumulated Depreciation of Plant and Equipment | (179,036) | (148,016) |
| Total Plant and Equipment | 41,908 | 65,046 |
| Motor Vehicles | | |
| Motor Vehicles at Cost | 107,171 | 237,575 |
| Accumulated Depreciation of Motor Vehicles | (52,224) | (132,543) |
| Total Motor Vehicles | 54,946 | 105,032 |
| Total Plant and Equipment, Motor Vehicles | 96,854 | 170,078 |
| | 2022 | 2021 |

6. Trade and Other Payables

| | | |
|---------------------------------------|---------------|----------------|
| Trade Payables | | |
| Accounts Payable | 25,348 | 767,143 |
| Total Trade Payables | 25,348 | 767,143 |
| Total Trade and Other Payables | 25,348 | 767,143 |

2022 2021

7. Deferred Income

| | 2022 | 2021 |
|--|---------------|---------------|
| Deferred Income Government Grants | | |
| Govt Monies Unspent: COS Monies 19 20 | 33,547 | 33,547 |
| Govt Monies Unspent: COS Monies 20 21 | - | 36,319 |
| Total Deferred Income Government Grants | 33,547 | 69,866 |
| Total Deferred Income | 33,547 | 69,866 |
| | 2022 | 2021 |

8. Provisions

| | | |
|---|----------------|----------------|
| Provisions:Provision for Annual Leave | 195,983 | 163,395 |
| Provisions:Provision for LSL | 8,829 | 25,050 |
| Provisions:Provision for Personal Leave | 23,696 | 21,417 |
| Total Provisions | 228,508 | 209,862 |
| | 2022 | 2021 |

9. Employee Entitlements

| | | |
|---|---------------|----------------|
| Payroll Liabilities.:Payroll Liabilities PAYG | 72,996 | 65,202 |
| Payroll Liabilities.:Superannuation Liability | - | 38,355 |
| Total Employee Entitlements | 72,996 | 103,557 |

Movements in Equity

Headway Gippsland Inc
For the year ended 30 June 2022

| | 2022 | 2021 |
|---------------------------|------------------|------------------|
| Equity | | |
| Opening Balance | 2,995,458 | 1,820,981 |
| Increases | | |
| Profit for the Period | 58,018 | 1,031,704 |
| Retained Earnings | - | 2,773 |
| Asset Revaluation Reserve | - | 140,000 |
| Total Increases | 58,018 | 1,174,477 |
| Total Equity | 3,053,476 | 2,995,458 |

Statement of Cash Flows - Direct Method

Headway Gippsland Inc
For the year ended 30 June 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| Operating Activities | | |
| Payments to suppliers and employees | (4,099,424) | (3,608,724) |
| Finance costs | (4,334) | (2,470) |
| GST | 31,685 | 23,168 |
| Cash receipts from other operating activities | 4,618,492 | 5,286,236 |
| Cash payments from other operating activities | (458,114) | (418,599) |
| Net Cash Flows from Operating Activities | 88,306 | 1,279,611 |
| Investing Activities | | |
| Proceeds from sale of property, plant and equipment | 8,670 | 3,539 |
| Payment for property, plant and equipment | (16,552) | (195,285) |
| Payment for investments | (506,966) | (439,624) |
| Other cash items from investing activities | 69,426 | (226,278) |
| Net Cash Flows from Investing Activities | (445,422) | (857,649) |
| Financing Activities | | |
| Other cash items from financing activities | 266,321 | (52,510) |
| Net Cash Flows from Financing Activities | 266,321 | (52,510) |
| Other Activities | | |
| Other activities | - | (307,909) |
| Net Cash Flows from Other Activities | - | (307,909) |
| Net Cash Flows | (90,796) | 61,544 |
| Cash and Cash Equivalents | | |
| Cash and cash equivalents at beginning of period | 929,010 | 867,466 |
| Net change in cash for period | (90,796) | 61,544 |
| Cash and cash equivalents at end of period | 838,214 | 929,010 |

