Gay Men's Health Centre Inc.

ABN 87 652 472 253

Financial Statements

For the Year Ended 30 June 2020

Gay Men's Health Centre Inc.

ABN 87 652 472 253

Contents

For the Year Ended 30 June 2020

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Directors' Report

For the Year Ended 30 June 2020

The directors present their report on Gay Men's Health Centre Inc. ("the Association") 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:

Chad Hughes	
Craig Brennan	
Janet Jukes	
Adam Bourne	
Paul Kidd	
Neil Pharaoh	(Appointed 17 November 2019)
Timothy Dyke	(Appointed 17 November 2019)
Steven Farley-Odgers	(Appointed 17 November 2019)
Peggy Kerdo	(Appointed 10 March 2020)
Chrissie Feagins	(Retired 17 November 2019)
Christopher McDermott	(Retired 17 November 2019)
Deborah Sykes	(Retired 17 November 2019)

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

Principal activities

The principal activities of Gay Men's Health Centre Inc. during the financial year is to ensure that the entity trading as Thorne Harbour Health can provide advocacy, health promotion and health services to LGBTI community members and is accessible to LGBTI communities through the acquisition, disposal and protection of assets. Gay Men's Health Centre Inc. provides Thorne Harbour Health with accommodation for administrative, clinical and HIV services, and oversees the long term investment of funds to ensure that Thorne Harbour Health is a sustainable LGBTI health service.

No significant changes in the nature of the Association's activity occurred during the financial year.

Operating results

The deficit of the Association for the year amounted to $27,881 (2019: surplus of $361,264).

Review of operations

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

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Association during the year.

Events after the reporting date

The Victorian Government applied Stage 4 restrictions on 2 August 2020 as a result of the rising COVID-19 cases in Greater Metropolitan Melbourne. The Association continued to operate within the government's permitted activities. The Association's operations are located in Melbourne and employees have been working from home since mid-March.

Directors' Report

For the Year Ended 30 June 2020

Events after the reporting date (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 Association 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 Association, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 11 October 2020 and the state of disaster is still in place. Any future changes to the Association's operations relating to COVID-19 will be in response to the Victorian Government's directions.

The Board approved the acquisition of 58 Mundy Street, Bendigo on 2 September 2020. An offer of $825,000 was made on the Mundy Street property and accepted on 4 September, 2020. Settlement will occur on 11 November, 2020. The property acquisition is to house Thorne Harbour Country which has outgrown its temporary accommodation, and to grow further its health promotion, therapeutic services and potentially, clinical services offering in Bendigo.

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 Association, the results of those operations or the state of affairs of the Association in future financial years.

Future developments and results

Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

Environmental issues

The Association's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Gay Men's Health Centre Inc..

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 3 of the financial report.

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

Director: ....
Chad Hughes

Director: ....
Janet Jukes

Dated this 9th day of October 2020

Gay Men's Health Centre Inc.

ABN 52 907 644 835

Auditor's Independence Declaration to the Directors of Gay Men's Health Centre Inc.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue and other income	5	**145,076**	239,394
Occupancy expense		**(32,383)**	(20,256)
Repairs and maintenance expense		**(16,086)**	(4,273)
Advertising expense		**-**	(4,669)
Consultancy costs		**(1,060)**	(3,000)
Investment management fees		**(21,429)**	(20,775)
Net gain/(loss) on financial assets at FVTPL		**(99,023)**	177,865
Professional fees		**(2,976)**	(3,022)
Profit before income tax		**(27,881)**	361,264
Income tax expense		**-**	-
Net surplus/(deficit) after income tax for the year		**(27,881)**	361,264
Other comprehensive income, net of income tax			
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		**(27,881)**	361,264

Gay Men's Health Centre Inc.

ABN 87 652 472 253

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,544,987**	1,733,516
Other financial assets	7	**4,119,473**	3,925,954
TOTAL CURRENT ASSETS		**5,664,460**	5,659,470
NON-CURRENT ASSETS			
Property, plant and equipment	8	**10,950,000**	10,986,840
TOTAL NON-CURRENT ASSETS		**10,950,000**	10,986,840
TOTAL ASSETS		**16,614,460**	16,646,310
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**2,977**	11,481
Borrowings	10	**743,566**	739,031
TOTAL CURRENT LIABILITIES		**746,543**	750,512
TOTAL LIABILITIES		**746,543**	750,512
NET ASSETS		**15,867,917**	15,895,798
EQUITY			
Accumulated surplus	11	**15,867,917**	15,895,798
TOTAL EQUITY		**15,867,917**	15,895,798

The accompanying notes form part of these financial statements.

Gay Men's Health Centre Inc.

ABN 87 652 472 253

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Note	Accumulated Surplus $	Financial Asset Reserve $	Total Equity $
Balance at 1 July 2019	11	15,895,798	-	**15,895,798**
Net surplus/(deficit) for the year	11	(27,881)	-	**(27,881)**
Balance at 30 June 2020	11	15,867,917	-	**15,867,917**

2019

	Note	Accumulated Surplus $	Financial Asset Reserve $	Total Equity $
Balance at 1 July 2018	11	15,467,561	66,973	15,534,534
Cumulative adjustment upon adoption of AASB 9	11	66,973	(66,973)	-
Balance at 1 July 2018 (restated)		15,534,534	-	15,534,534
Net surplus/(deficit) for the year		361,264	-	361,264
Balance at 30 June 2019	11	15,895,798	-	15,895,798

The accompanying notes form part of these financial statements.

Gay Men's Health Centre Inc.

ABN 87 652 472 253

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers		**(19,634)**	(52,256)
Finance costs		**(21,429)**	-
Interest received		**10,778**	89,364
Dividends received		**134,298**	150,030
Net cash provided by/(used in) operating activities		**104,013**	187,138
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		**-**	(10,986,840)
Payments for financial assets		**(571,013)**	(213,776)
Proceeds from disposal of financial assets		**278,471**	10,199,914
Net cash provided by/(used in) investing activities		**(292,542)**	(1,000,702)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loans received from related parties		**-**	1,451,612
Net cash provided by/(used in) financing activities		**-**	1,451,612
Net increase/(decrease) in cash and cash equivalents held		**(188,529)**	638,048
Cash and cash equivalents at beginning of year		**1,733,516**	1,095,468
Cash and cash equivalents at end of financial year	6(a)	**1,544,987**	1,733,516

The accompanying notes form part of these financial statements.

The financial report covers Gay Men's Health Centre Inc. as an individual entity. Gay Men's Health Centre Inc. is a not-for-profit Association, registered and domiciled in Australia.

The functional and presentation currency of Gay Men's Health Centre Inc. is Australian dollars.

The financial report was authorised for issue by the Directors on 9 October 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 , the *Associations Incorporation Reform Act (VIC) 2012*, the *Associations Incorporation Reform Regulations 2012* and the *Australian Charities and Not-For-Profits Commission Act 2012*.

The financial statements, other than 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.

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

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or postition of the Association.

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

Revenue Recognition - Adoption of AASB 15 and 1058

The Association 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 Association 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 Association

The key changes to the Association'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 Association has adopted AASB 15 from 1 July 2019. This standard replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations, and applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. 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

2 Change in Accounting Policy (continued)

Revenue Recognition - Adoption of AASB 15 and 1058 (continued)
recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

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

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

The Association 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 Association has adopted AASB 16 *Leases* using the modified retrospective 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. The Association is not a lessee in any lease arrangements and, therefore, there has been no material impact on adoption of AASB 16.

3 Summary of Significant Accounting Policies

(a) Income Tax

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

3 Summary of Significant Accounting Policies (continued)

(b) 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 Association 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.

For the current year

Revenue from contracts with customers

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 Association 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

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 Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Donation, fundraising and bequest income

Donations, fundraising income and bequests are recognised as income when received.

Interest revenue

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

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Other income

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

(c) 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 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.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Association 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 Association classifies its financial assets into the following category, those measured at:

- amortised cost; and
- fair value through profit or loss - FVTPL

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

3 Summary of Significant Accounting Policies (continued)

(e) 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 Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the 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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are 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 significant since initial recognition and when estimating ECL, the Association 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 Association's historical experience and informed credit assessment and including forward looking information.

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

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

3 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

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

Trade receivables

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

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 Association 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 Association 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 Association comprise trade and other payables, and related party loans.

(f) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the revaluation model.

3 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, 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
Buildings	2.5%
Plant and Equipment	6%
Motor Vehicles	25%
Office Equipment	6-10%
Computer Equipment	20-33%
Leasehold improvements	20%

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.

(g) Impairment of non-financial assets

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

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

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

3 Summary of Significant Accounting Policies (continued)

(h) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 1 July 2019, the impact of adoption of these standards is outlined in Note 2.

(i) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Association.

4 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key judgements - Impact of COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Association based on known information. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date as a result of the Coronavirus (COVID-19) pandemic.

5 Revenue and Income

	2020 $	2019 $
Income:		
- Interest income	**10,778**	89,364
- Dividend income	**134,298**	150,030
Total income	**145,076**	239,394

6 Cash and Cash Equivalents

	Note	2020 $	2019 $
Cash at bank		**1,544,987**	1,733,516
Total cash and cash equivalents	6(a)	**1,544,987**	1,733,516

(a) Reconciliation of cash

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

	Note	2020	2019
Cash and cash equivalents	6	**1,544,987**	1,733,516
Balance as per statement of cash flows		**1,544,987**	1,733,516

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Other Financial Assets

	Note	2020 $	2019 $
CURRENT			
Financial assets at amortised cost:			
- Term deposits		**571,013**	-
Financial assets at FVTPL	7(a)	**3,548,460**	3,925,954
Total current other financial assets		**4,119,473**	3,925,954

(a) Financial assets at fair value through profit or loss (FVTPL)

	2020 $	2019 $
CURRENT		
Listed securities - fair value	**1,537,909**	1,725,143
Unlisted managed investment - fair value	**2,010,551**	2,200,811
Total current financial assets at FVTPL	**3,548,460**	3,925,954

8 Property, plant and equipment

	2020 $	2019 $
Land and buildings		
At valuation	**10,950,000**	10,986,840
Total land and buildings	**10,950,000**	10,986,840
Total property, plant and equipment	**10,950,000**	10,986,840

The property at Hoddle St, Abbotsford was acquired on 11 December 2018 for $10,950,000.

The Association has assessed that the carrying amount of the property approximates the fair value as at 30 June 2020.

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:

	Land and Buildings $	Total $
Year ended 30 June 2020		
Balance at the beginning of year	**10,986,840**	**10,986,840**
Disposals	**(36,840)**	**(36,840)**
Depreciation expense	**-**	**(31,412)**
Balance at the end of the year	**10,950,000**	**10,918,588**

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**2,977**	11,481
Total current trade and other payables	**2,977**	11,481

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.

10 Borrowings

	Note	2020	2019
		$	$
CURRENT			
Unsecured liabilities:			
Related party loan - Victorian AIDS Council Inc.	10(a)	**743,566**	739,031
Total current borrowings		**743,566**	739,031

(a) Related party loan

The loan is provided by related entity, Victorian AIDS Council Inc.. The loan is at call and non-interest bearing.

11 Accumulated Surplus

	2020	2019
	$	$
Accumulated surpluses at the beginning of the financial year	**15,895,798**	15,467,561
Transfers from financial assets reserve on adoption of AASB 9	**-**	66,973
Adjusted accumulated surpluses at the beginning of the financial year	**15,895,798**	15,534,534
Net surplus/(deficit) for the year	**(27,881)**	361,264
Accumulated surpluses at end of the financial year	**15,867,917**	15,895,798

12 Financial Risk Management

The Association's principal financial instruments comprise of loans and receivables, term deposits, trade payables, borrowings and cash at bank.

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:

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash receivables	6	**1,544,987**	1,733,516
- Term deposits	7	**571,013**	-
Financial assets at fair value through profit or loss:			
- Listed securities and unlisted managed investment	7	**3,548,460**	3,925,954
Total financial assets		**5,664,460**	5,659,470
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	9	**2,977**	11,481
- Borrowings	10	**743,566**	739,031
Total financial liabilities		**746,543**	750,512

13 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association is $NIL (2019: $NIL).

14 Auditor's Remuneration

	2020 $	2019 $
Remuneration of the auditor (HLB Mann Judd), for:		
- auditing or reviewing the financial statements	**2,976**	2,580
Total auditor's remuneration	**2,976**	2,580

15 Fair Value Measurement

The Association measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets: Listed securities and unlisted managed investments

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Association:

		Level 1	Level 2	Level 3	Total
30 June 2020	**Note**	**$**	**$**	**$**	**$**
Recurring fair value measurements					
Financial assets					
Listed securities	7(a)	**1,537,909**	**-**	-	**1,537,909**
Unlisted managed investments	7(a)	**-**	**2,010,551**	-	**2,010,551**
Total		**1,537,909**	**2,010,551**	-	**3,548,460**
30 June 2019					
Recurring fair value measurements					
Financial assets					
Listed securities	7(a)	**1,725,143**	**-**	**-**	1,725,143
Unlisted managed investments	7(a)	**-**	**2,200,811**	**-**	2,200,811
Total		**1,725,143**	**2,200,811**	**-**	3,925,954

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

16 Contingencies

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

17 Related Parties

During the year, the Association received funds from Victorian AIDS Council Inc. to assist with cash flow requirements. As at 30 June 2020, the Association has a loan payable to Victorian AIDS Council Inc. of $743,566 (2019: $739,031 loan receivable). The loan is not governed by a formal agreement but is considered to be non-interest bearing and repayable on demand.

Other related parties of Gay Men's Health Centre Inc. include those who acted as directors of the Association during the year as listed below:

Chad Hughes	Timothy Dyke (Elected 17 November 2019)
Craig Brennan	Steven Farley-Odgers (Elected 17 November 2019)
Janet Jukes	Peggy Kerdo (Appointed 10 March 2020)
Adam Bourne	Chrissie Feagins (Retired 17 November 2019)
Paul Kidd	Christopher McDermott (Retired 17 November 2019)
Neil Pharaoh (Elected 17 November 2019)	Deborah Sykes (Retired 17 November 2019)

Explicitly, there are no transactions between Gay Men's Health Centre Inc. and the directors. The directors of the Association are also the directors of Victorian AIDS Council Inc..

18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 9 October 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 Greater Metropolitan Melbourne. The Association continued to operate within the government's permitted activities. The Association's operations are located in Melbourne and employees have been working from home since mid-March.

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 Association 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 Association, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 11 October 2020 and the state of disaster is still in place. Any future changes to the Association's operations relating to COVID-19 will be in response to the Victorian Government's directions.

The Board approved the acquisition of 58 Mundy Street, Bendigo on 2 September 2020. An offer of $825,000 was made on the Mundy Street property and accepted on 4 September, 2020. Settlement will occur on 11 November, 2020. The property acquisition is to house Thorne Harbour Country which has outgrown its temporary accommodation, and to grow further its health promotion, therapeutic services and potentially, clinical services offering in Bendigo.

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 Association, the results of those operations or the state of affairs of the Association in future financial years.

19 Statutory Information

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

Gay Men's Health Centre Inc.
Level 5, 615 St Kilda Road
MELBOURNE VIC 3004

Gay Men's Health Centre Inc.

ABN 87 652 472 253

Directors' Declaration

The directors of the Association declare that:

1. The financial statements and notes, as set out on pages 4 to 21, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   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 Association.

2. In the directors' opinion, there are reasonable grounds to believe that the Association 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 under subdivision 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director	Director ....
Chad Hughes	Janet Jukes

Dated this 9th day of October 2020

Gay Men's Health Centre Inc.

Independent Audit Report to the members of Gay Men's Health Centre Inc.