Victorian AIDS Council Inc./Gay Men's Health Centre Inc. (Aggregated)

Aggregated Financial Statements

For the Year Ended 30 June 2021

Contents

For the Year Ended 30 June 2021

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Directors' Report
For the Year Ended 30 June 2021

The directors present their report, together with the aggregated financial statements of the Victorian AIDS Council Inc. ("VAC") and Gay Men's Health Centre Inc. ("GMHC"), collectively referred to herein as "the Group", for the financial year ended 30 June 2021.

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	(retired VAC + GMHC November 2020)
Craig Brennan	(retired VAC + GMHC November 2020)
Janet Jukes	VAC + GMHC
Adam Bourne	VAC + GMHC
Paul Kidd	VAC + GMHC
Neil Pharaoh	VAC + GMHC
Timothy Dyke	VAC + GMHC
Steven Farley-Odgers	VAC + GMHC
Peggy Kerdo	VAC + GMHC
Bronwyn Lawman	(appointed VAC + GMHC October 2020)
Bruce Weston	(elected VAC + GMHC November 2020)
Cassius Armitage	(elected VAC November 2020)
Nevena Spirovska	(elected GMHC November 2020)

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

Principal activities

The Victorian AIDS Council Inc. now trading as Thorne Harbour Health aims to improve the health and wellbeing of its LGBTI communities, through advocacy, health promotion, and collaborative health service provision. Its principal activities include:

- Peer education
- PLHIV (People Living with HIV) services
- Outreach services
- Regional & rural LGBTI support
- Policy & advocacy
- Therapeutic counselling
- LGBTI clinical services
- LGBTI women's health
- Trans & gender diverse health
- Alcohol & other drug services
- Relationship & family violence supprot
- Sexual health services
- Rapid sexual health testing

The principal activity 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 the Thorne Harbour Health is a sustainable LGBTI health service.

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

Directors' Report
For the Year Ended 30 June 2021

Operating results

The aggregated surplus of the Group amounted to $2,126,868 (2020: aggregated surplus of $1,173,532).

Review of operations

The Group 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 entities in the Group during the year.

Events after the reporting date

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, a State of Emergency was declared for COVID-19 in the State of Victoria on 16 March 2020 and has been extended to 21 October 2021. Any future changes to the Group's operations relating to COVID-19 will be in response to the Victorian Government's directions. Refer to Note 23 to the financial statements for further information regarding the impact of COVID-19 on the Group's operations.

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.

Future developments and results

Likely developments in the operations of the Group 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 Group.

Environmental issues

The Group'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 Victorian AIDS Council Inc. or Gay Men's Health Centre Inc..

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 4 of the aggregated financial report.

Directors' Report

For the Year Ended 30 June 2021

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

Director: .... Janet Jukes

Director: .... Steven Farley-Odgers

Dated this 13th day of October 2021

Victorian AIDS Council Inc./Gay Men's Health Centre Inc. (Aggregated)

52 907 644 835

Auditor's Independence Declaration to the Directors of Victorian AIDS Council Inc./Gay Men's Health Centre Inc. (Aggregated) and Controlled Entities

Aggregated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue and other income	4	**16,469,251**	14,692,849
Employee benefits expense		**(9,178,850)**	(8,603,644)
Depreciation and amortisation expense	9,10,11	**(461,341)**	(1,042,883)
Occupancy expense		**(251,032)**	(218,726)
Repairs and maintenance expense		**(18,257)**	(63,934)
Advertising expense		**(1,563,070)**	(1,066,240)
Consultancy costs		**(328,539)**	(256,128)
Investment management fees		**(22,586)**	(21,429)
Production coordination		**(163,469)**	(4,525)
Professional fees		**(36,400)**	(30,640)
Attendant care		**(104,789)**	(48,347)
Motor vehicle costs		**(72,785)**	(82,960)
Volunteer costs		**(28,238)**	(39,686)
Emergency relief grants		**(417,149)**	(384,198)
Food and catering costs		**(55,532)**	(102,725)
Computer expenses		**(279,326)**	(226,378)
Office expenses		**(517,472)**	(292,289)
Medical supplies		**(725,910)**	(652,551)
Net gain/(loss) on financial assets at FVTPL		**144,434**	(99,023)
Travel expenses		**(35,034)**	(71,245)
Other expenses		**(221,103)**	(181,474)
Finance costs		**(5,935)**	(30,292)
Net surplus/(deficit) for the year		**2,126,868**	1,173,532
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for property, plant and equipment	15	**-**	(140,000)
Items that will be reclassified to profit or loss when specific conditions are met			
Other comprehensive income for the year		**-**	(140,000)
Total comprehensive income for the year		**2,126,868**	1,033,532

The accompanying notes form part of these financial statements.

Aggregated Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**6,687,520**	4,039,042
Trade and other receivables	6	**274,248**	302,624
Other financial assets	7	**4,626,970**	6,472,815
Other assets	8	**172,380**	514,764
TOTAL CURRENT ASSETS		**11,761,118**	11,329,245
NON-CURRENT ASSETS			
Trade and other receivables	6	**3,113**	3,113
Right-of-use assets	9	**87,819**	271,604
Property, plant and equipment	10	**14,479,986**	11,811,180
Intangible assets	11	**49,185**	78,885
TOTAL NON-CURRENT ASSETS		**14,620,103**	12,164,782
TOTAL ASSETS		**26,381,221**	23,494,027
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**1,044,307**	730,112
Provisions	13	**1,373,538**	1,275,692
Other liabilities	14	**816,480**	279,881
Lease liabilities		**40,888**	241,853
TOTAL CURRENT LIABILITIES		**3,275,213**	2,527,538
NON-CURRENT LIABILITIES			
Provisions	13	**173,582**	171,239
Lease liabilities		**47,452**	37,144
TOTAL NON-CURRENT LIABILITIES		**221,034**	208,383
TOTAL LIABILITIES		**3,496,247**	2,735,921
NET ASSETS		**22,884,974**	20,758,106
EQUITY			
Reserves	15	**240,410**	240,410
Accumulated surpluses	16	**22,644,564**	20,517,696
TOTAL EQUITY		**22,884,974**	20,758,106

The accompanying notes form part of these financial statements.

Aggregated Statement of Changes in Equity
For the Year Ended 30 June 2021

2021

	Note	Accumulated Surpluses $	Asset Revaluation Surplus $	Total $
Balance at 1 July 2020	16,15	**20,517,696**	**240,410**	**20,758,106**
Net surplus/(deficit) for the year	16	**2,126,868**	**-**	**2,126,868**
Balance at 30 June 2021	16,15	**22,644,564**	**240,410**	**22,884,974**

2020

	Note	Accumulated Surpluses $	Asset Revaluation Surplus $	Total $
Balance at 1 July 2019	16,15	19,344,164	380,410	19,724,574
Net surplus/(deficit) for the year	16	1,173,532	-	1,173,532
Revaluation of property, plant and equipment	15	-	(140,000)	(140,000)
Balance at 30 June 2020	16,15	20,517,696	240,410	20,758,106

The accompanying notes form part of these financial statements.

Aggregated Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Grants received		**11,258,722**	10,704,521
Payments to suppliers and employees		**(13,982,056)**	(12,633,288)
Interest received		**67,975**	69,619
Dividends received		**159,891**	134,298
Receipts from customers		**6,580,956**	3,588,871
Donations and bequests received		**133,957**	282,063
Net GST paid		**(350,319)**	(520,221)
Net cash provided by/(used in) operating activities		**3,869,126**	1,625,863
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for financial assets		**-**	(571,013)
Payments for property, plant and equipment		**(3,864,516)**	(49,486)
Payments for intangible assets		**-**	(5,850)
Proceeds from disposal of financial assets		**2,917,969**	342,528
Net cash provided by/(used in) investing activities		**(946,547)**	(283,821)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liabilities		**(274,101)**	(902,201)
Net cash provided by/(used in) financing activities		**(274,101)**	(902,201)
Net increase/(decrease) in cash and cash equivalents held		**2,648,478**	439,841
Cash and cash equivalents at beginning of year		**4,039,042**	3,599,201
Cash and cash equivalents at end of financial year	5(a)	**6,687,520**	4,039,042

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The aggregated financial report covers the aggregated financial statements of the Victorian AIDS Council Inc. and Gay Men's Health Centre Inc. ('the Group'). Both Victorian AIDS Council Inc. and Gay Men's Health Centre Inc. are not-for-profit associations registered and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The aggregated financial statements are presented in Australian dollars which is the functional and presentation currency of both associations.

The financial report was authorised for issue by the Directors on 9 October 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the Directors opinion, the Group is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of 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 Summary of Significant Accounting Policies

(a) Principles of Aggregation

The aggregated financial statements include the aggregation of the financial position and performance of VAC and GMHC.

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

(b) Income Tax

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

(c) Leases

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.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

- 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.

Right-of-use asset

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.

Lease liability

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.

Adoption of short term leases or low value asset exception

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.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(d) Revenue and other income

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 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

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 a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(d) Revenue and other income (continued)

Statement of financial position balances relating to revenue recognition (continued)

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.

Donation, fundraising and bequest income

Donations, fundraising income and bequests are recognised as revenue 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 method, 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.

Rental income

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other income

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

(e) 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 aggregated 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.

(f) 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.

2 Summary of Significant Accounting Policies (continued)

(f) Cash and cash equivalents (continued)

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

(g) 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 categories, 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 Group changes its business model for managing financial assets.

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 aggregated 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.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost 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 asset 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 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

Impairment of trade receivables 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 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 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.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

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 and other payables.

(h) 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.

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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

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.

(i) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

(j) Fair value measurement

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(j) Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(k) 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 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, except for goodwill.

(l) Employee benefits

Short-term employee benefits

Provision is made for the the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the aggregated statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(l) Employee benefits (continued)

The Group’s obligations for long-term employee benefits are presented as non-current provisions in its aggregated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(m) 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.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the aggregated statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Economic dependence

The Group is dependent on the grant funding from the State government 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 that the State government and local sources will not continue to support the Group.

(o) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 1 July 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(p) 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 Group.

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these aggregated 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.

The significant estimates and judgements made have been described below.

Key estimates - Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Notes to the Financial Statements

For the Year Ended 30 June 2021

4 Revenue and Income

	2021 $	2020 $
Revenue from operations:		
- Grant income	**11,258,722**	10,684,521
- Client fees	**1,872,155**	1,800,354
- Donations, fundraising and bequest income	**133,957**	301,563
- Goods and services income	**844,548**	749,911
- Membership fees	**2,498**	4,016
Total revenue	**14,111,880**	13,540,365
Income:		
- Interest income	**60,777**	68,909
- Dividend income	**159,891**	134,298
- Jobkeeper payments	**2,117,749**	828,001
- Cash flow boost	**15,675**	100,000
- Other	**734**	21,276
- Rental revenue for property investment	**2,545**	-
Total income	**2,357,371**	1,152,484
Total revenue and income	**16,469,251**	14,692,849

5 Cash and Cash Equivalents

	Note	2021 $	2020 $
Cash on hand		**2,350**	8,950
Cash at bank		**6,685,170**	3,022,644
Short-term deposits		**-**	1,007,448
Total cash and cash equivalents	5(a)	**6,687,520**	4,039,042

As at 30 June 2021, there is $58,056 (30 June 2020: $61,689) held on behalf of the John Marriot Trust.

(a) Reconciliation of cash

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

	Note	2021 $	2020 $
Cash and cash equivalents	5	**6,687,520**	4,039,042
Balance as per aggregated statement of cash flows		**6,687,520**	4,039,042

Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Trade and Other Receivables

	2021 $	2020 $
CURRENT		
Trade receivables	**274,248**	302,624
Total current trade and other receivables	**274,248**	302,624
NON-CURRENT		
Deposits	**3,113**	3,113
Total non-current trade and other receivables	**3,113**	3,113

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.

7 Other Financial Assets

	Note	2021 $	2020 $
CURRENT			
Financial assets at fair value through profit or loss	7(a)	**4,620,584**	3,548,460
Financial assets at amortised cost	7(b)	**6,386**	2,924,355
Total current other financial assets		**4,626,970**	6,472,815

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

	2021 $	2020 $
CURRENT		
Listed securities - fair value	**1,165,151**	1,537,909
Unlisted managed investment - fair value	**3,455,433**	2,010,551
Total current financial assets at FVTPL	**4,620,584**	3,548,460

(b) Financial assets at amortised cost

	2021 $	2020 $
CURRENT		
Term deposits	**6,386**	2,924,355
Total current financial assets at amortised cost	**6,386**	2,924,355

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Other Assets

	2021	2020
	$	$
CURRENT		
Prepayments	**117,629**	160,512
Contract assets	**54,751**	354,252
Total current other assets	**172,380**	514,764

9 Leases

The Group as a lessee

The Group has leases over a range of assets including buildings, vehicles and office equipment.

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

Terms and conditions of leases

The Group leases land and buildings under agreements of between 1 to 5 years and with optional further terms available. On renewal, the terms of the leases may be renegotiated, and a rent review conducted. The Group has assessed the likelihood of exercising available extension options and, where it has determined that it is reasonably certain that an option will be exercised, the extension period has been included in assessing the lease term and therefore in calculating the lease liability and associated right of use asset. Two property leases ceased during the year and the option to renew was not taken.

The Group also leases plant and equipment under agreements of between 3 to 5 years. None of the agreements contain options to extend the term or options to purchase the assets at the end of the agreement.

Right-of-use assets

	Buildings	Motor Vehicles	Office Equipment	Total
	$	$	$	$
Year ended 30 June 2021				
Balance at beginning of year	**194,317**	**35,716**	**41,571**	**271,604**
Additions to right-of-use assets	**-**	**54,837**	**-**	**54,837**
Depreciation expense	**(194,317)**	**(27,677)**	**(16,628)**	**(238,622)**
Balance at end of year	**-**	**62,876**	**24,943**	**87,819**
Year ended 30 June 2020				
Balance at beginning of year	-	-	-	-
Adjustment on adoption of AASB 16 on 1 July 2019	1,026,378	66,341	58,199	1,150,918
Depreciation expense	(832,061)	(30,625)	(16,628)	(879,314)
Balance at end of year	194,317	35,716	41,571	271,604

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Property, plant and equipment

	2021	2020
	$	$
Land and buildings		
At valuation	**12,160,000**	11,410,000
Total land and buildings	**12,160,000**	11,410,000
Motor vehicles		
At cost	**39,606**	39,606
Accumulated depreciation	**(36,810)**	(33,787)
Total motor vehicles	**2,796**	5,819
Office equipment		
At cost	**399,214**	171,151
Accumulated depreciation	**(150,792)**	(138,601)
Total office equipment	**248,422**	32,550
Computer equipment		
At cost	**227,173**	187,720
Accumulated depreciation	**(170,039)**	(153,538)
Total computer equipment	**57,134**	34,182
Leasehold Improvements		
At cost	**2,438,812**	594,502
Accumulated amortisation	**(427,178)**	(265,873)
Total leasehold improvements	**2,011,634**	328,629
Total property, plant and equipment	**14,479,986**	11,811,180

Valuations

The valuation of the property located at 34 Myers St, Bendigo was undertaken by a qualified independent valuer. The property is valued at fair value, taking into account the property's highest and best use which is determined from the perspective of market participants.

The property at Hoddle St, Abbotsford was acquired on 11 December 2018 for $10,950,000 and has been subsequently revalued to fair value as at the end of the current financial year to $10,750,000.

The property at Mundy St, Bendigo was acquired on 9 November 2020 for $825,000 and has been subseuqently revalued to fair value as at the end of the current financial year to $950,000.

The valuation of the property located at 198-210 Hoddle St, Abbotsford and the property located at 58A & 58B Mundy Street, Bendigo were undertaken by a qualified independent valuer. The properties are valued at fair value, taking into account the highest and best use which is determined from the perspective of market participants.

At the time of valuation, available market data, including the condition of the property, available sales evidence of residential and office-residential properties in Bendigo and Abbotsford and any market uncertainty due to the impact of the pandemic event, were considered.

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 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:

	Land and Buildings	Motor Vehicles	Office Equipment	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$
Year ended 30 June 2021						
Balance at the beginning of year	**11,410,000**	**5,819**	**32,550**	**34,182**	**328,629**	**11,811,180**
Additions	**825,000**	**-**	**228,063**	**39,453**	**1,844,309**	**2,936,825**
Depreciation expense	**-**	**(3,023)**	**(12,191)**	**(16,501)**	**(161,304)**	**(193,019)**
Revaluation decrease	**(75,000)**	**-**	**-**	**-**	**-**	**(75,000)**
Balance at the end of the year	**12,160,000**	**2,796**	**248,422**	**57,134**	**2,011,634**	**14,479,986**

11 Intangible Assets

	2021	2020
	$	$
Computer software		
Cost	**156,584**	156,584
Accumulated amortisation and impairment	**(107,399)**	(77,699)
Net carrying value	**49,185**	78,885
Total intangibles	**49,185**	78,885

(a) Movements in carrying amounts of intangible assets

	Computer software	Total
	$	$
Year ended 30 June 2021		
Balance at the beginning of the year	**78,885**	**78,885**
Amortisation	**(29,700)**	**(29,700)**
Closing value at 30 June 2021	**49,185**	**49,185**

Notes to the Financial Statements
For the Year Ended 30 June 2021

12 Trade and Other Payables

	2021	2020
	$	$
CURRENT		
Trade payables	**537,519**	310,796
Sundry payables and accrued expenses	**506,788**	419,316
Total current trade and other payables	**1,044,307**	730,112

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.

13 Provisions

	2021	2020
	$	$
CURRENT		
Provision for employee benefits	**1,373,538**	1,175,692
Provision for make good	**-**	100,000
Total current provisions	**1,373,538**	1,275,692
NON-CURRENT		
Provision for employee benefits	**165,082**	162,739
Provision for make good	**8,500**	8,500
Total non-current provisions	**173,582**	171,239

(a) Movement in carrying amounts

	Employee Benefits	Provision for Make Good	Total
	$	$	$
Opening balance at 1 July 2020	**1,338,431**	**108,500**	**1,446,931**
Additional provisions	**735,580**	**-**	**735,580**
Provisions used	**(533,391)**	**(100,000)**	**(633,391)**
Balance at 30 June 2021	**1,540,620**	**8,500**	**1,549,120**

14 Other Liabilities

	Note	2021	2020
		$	$
CURRENT			
Contract liabilities	14(a)	**692,750**	209,776
Funds held on behalf of John Marriot Trust		**58,056**	61,689
Auspiced funds		**65,674**	8,416
Total current other liabilities		**816,480**	279,881

Funds held in the John Marriot Trust are included in the cash at bank account.

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Other Liabilities (continued)

(a) Reconciliation of contract liabilities

Reconciliation of the values at the beginning and end of the current financial year is set out below:

	2021	2020
	$	$
Opening balance at 1 July 2020	**209,776**	-
Opening balance on transition to AASB 15 on 1 July 2019	**-**	306,250
Payments received in advance	**1,431,585**	1,107,222
Transfer to revenue - performance obligations satisfied during the year	**(948,611)**	(1,203,696)
Closing balance	**692,750**	209,776

15 Reserves

	2021	2020
	$	$
Asset revaluation reserve		
Opening balance	**240,410**	380,410
Revaluation of property, plant and equipment	**-**	(140,000)
Closing balance	**240,410**	240,410
Total reserves	**240,410**	240,410

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

16 Accumulated Surplus

	2021	2020
	$	$
Accumulated surpluses at the beginning of the financial year	**20,517,696**	19,344,164
Net surplus/(deficit) for the year	**2,126,868**	1,173,532
Accumulated surpluses at end of the financial year	**22,644,564**	20,517,696

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Financial Risk Management

The Group's principal financial instruments comprise of loans and receivables, term deposits, trade payables, lease liabilities 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	2021 $	2020 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash receivables	5	**6,687,520**	4,039,042
- Trade and other receivables	6	**277,361**	305,737
- Term deposits	7	**6,386**	2,924,355
Financial assets at fair value through profit or loss:			
- Listed securities and unlisted managed investment	7	**4,620,584**	3,548,460
Total financial assets		**11,591,851**	10,817,594
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	**781,381**	510,474
- Lease liabilities		**88,340**	278,997
Total financial liabilities		**869,721**	789,471

18 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Group is $972,655 (2020: $951,674).

19 Auditor's Remuneration

	2021 $	2020 $
Remuneration of the auditor (HLB Mann Judd), for:		
- auditing or reviewing the financial statements	**28,000**	29,800
Total auditor's remuneration	**28,000**	29,800

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Fair Value Measurement

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

- Property, plant and equipment
  - Land and buildings
- 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 Group:

30 June 2021	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Property, plant and equipment					
Land and buildings	10	-	-	12,160,000	12,160,000
Financial assets					
Listed securities	7(a)	1,165,151	-	-	1,165,151
Unlisted managed investments	7(a)	-	3,455,433	-	3,455,433
Total		1,165,151	3,455,433	12,160,000	16,780,584

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Fair Value Measurement (continued)

Fair value hierarchy (continued)

30 June 2020	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Property, plant and equipment					
Land and buildings	10	-	-	11,410,000	11,410,000
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	11,410,000	14,958,460

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.

21 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2021 (30 June 2020: None).

22 Related Parties

The related parties of the Group are the directors of the associations as listed in the directors' report. There are no transactions between the associations and the directors.

23 Impact of COVID-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus and has been extended to 21 October 2021. To contain the spread of the virus and to prioritise the health and safety of our communities' various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including the Victorian AIDS Council Inc. and Gay Men's Health Centre Inc.

During the financial year, the Group received COVID-19 Government financial assistance in the form of jobkeeper payments of $2,117,750 and Cash Flow Boost payments of $15,675. (Refer Note 4).

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group 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 Group unfavourably as at the reporting date as a result of the Coronavirus (COVID-19) pandemic.

Notes to the Financial Statements

For the Year Ended 30 June 2021

24 Events Occurring After the Reporting Date

The aggregated financial report was authorised for issue on 9 October 2021 by the board of directors.

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, a State of Emergency was declared for COVID-19 in the State of Victoria on 16 March 2020 and has been extended to 21 October 2021. Any future changes to the Group's operations relating to COVID-19 will be in response to the Victorian Government's directions. Refer to Note 23 to the financial statements for further information regarding the impact of COVID-19 on the Group's operations.

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.

25 Statutory Information

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

Thorne Harbour Health
200 Hoddle Street
ABBOTSFORD VIC 3067

Directors' Declaration

The directors have determined that the Group is not a reporting entity and that this special purpose aggregated financial report should be prepared in accordance with the accounting policies described in Notes 1 to 2 to the aggregated financial statements.

The directors of the Group declare that:

1. The aggregated financial statements and notes, as set out on pages 5 to 30, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and:

   (a) comply with Accounting Standards as stated in Note 1; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date in accordance with the accounting policies described in Notes 1 to 2 to the aggregated financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the Group 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 ....
Janet Jukes	Steven Farley-Odgers

Dated this 13th day of October 2021

Victorian AIDS Council Inc./Gay Men's Health Centre Inc. (Aggregated)

Independent Audit Report to the members of Victorian AIDS Council Inc./Gay Men's Health Centre Inc. (Aggregated)