# Odyssey House NSW

## (Formerly Odyssey House McGrath Foundation)

**ABN 49 001 418 257**

**Annual report for the year ended 30 June 2017**

# Odyssey House NSW

**ABN 49 001 418 257**

**For the year ended 30 June 2017**

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# Odyssey House NSW

**ABN 49 001 418 257**

**For the year ended 30 June 2017**

The directors of Odyssey House NSW (the "foundation") submit herewith the annual report of the foundation for the financial year ended 30 June 2017.

**Directors**

The names of the directors in office at any time during, or since the end of, the year are:

| **Names** | **Occupation** | **Qualifications** |
|---|---|---|
| Natalie Micarone | Director | BA, BCom. |
| Christine Anne Bishop | Director | BA, LLB, B Sc (Hons), MPsych. (For) (Hons), MFMH |
| Jan Copeland | Professor and Director, National Cannabis Prevention and Information Centre, UNSW | PhD, BSc (Psych) Hons, MAP |
| John Francis Coughlan | Director | BEc. Dip Rur. Acc. (UNE), FCA, FCPA |
| Valerie Hoogstad | Director, Senior Lecturer | BA, MBA |
| Douglas Norman Snedden | Chairman | BEc |
| Garry Ronald Wayling | Director | BCom, ACA, GAICD |
| Geoffrey James Wilson | Director | BSc |
| Stewart Hindmarsh | Director | BEc/LLB (Hons), MBus (Fin) |
| David McGrath | Consultant | BSc(Psych) (Hons), MBA, Juris Doctor (Studying) |

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

**Principal activity**

The principal activity of the foundation during the financial year was the provision of residential and non-residential drug and rehabilitation centres and a detoxification unit. There was no significant change in the nature of this activity during the financial year.

**Strategy, objectives and performance**

The 2020 Vision has been finalised in 2017 and we will focus on four key areas going forward:

1. Build our Scale - by balancing our core business with opportunities to evolve our programs and services;
2. Strengthen our Systems and Processes – to build an efficient and sustainable organisation that has seamless access and equality for all clients;
3. Align and Sustain our Resources – by building on our current viable financial position to attract, diversify and retain current and new sources of income; and
4. Develop and Retain our Workforce – so that we are recognised as an employer of choice in the alcohol and other drugs sector with an engaged workforce focused on client care.

The entities short term objectives are to improve service, delivery and organisational structure.

To achieve these objectives, the entity has adopted the following strategies:

1. Deliver client informed services that achieve positive outcomes with individuals, families, carers and communities;
2. Establish mutually beneficial and sustainable partnerships;
3. Deliver quality programs and services and be recognised as an innovative, proactive and leading organisation in alcohol and other drug sectors;
4. Increase productivity and effectiveness in the use of resources and maintain good governance;

5. Create balance and diversity in income sources and align grants with client needs;
6. Promote a value driven performance culture and establish competency-building systems within management and leadership; and
7. Create an engaged workforce that share ownership of the organisation's values, objectives and targets.

**Meetings of directors**

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 9 meetings of directors were held.

| | Directors' meetings | |
|---|---|---|
| | **Number eligible to attend** | **Number attended** |
| Natalie Micarone | 9 | 3 (*) |
| Christine Anne Bishop | 9 | 4 |
| Jan Copeland | 9 | 6 |
| John Francis Coughlan | 9 | 9 |
| Valerie Hoogstad | 9 | 6 |
| Douglas Norman Snedden | 9 | 7 |
| Garry Ronald Wayling | 9 | 6 |
| Geoffrey James Wilson | 9 | 0 |
| Stewart Hindmarsh | 9 | 5 |
| David McGrath | 9 | 6 |

(*) on leave since May 2017

**Changes in state of affairs**

The Foundation acquired Bridges Incorporated on 31 March 2017 to expand its footprint in Blacktown and the Western Sydney region. The Foundation was also successful in being awarded 4 tenders by 4 Provincial Health Services in and around the Sydney basin which has seen the Foundation expand its offerings to include broader community delivered programs. Other than this there was no significant change in the state of affairs of the foundation during the financial year.

**Subsequent events**

Odyssey House McGrath Foundation has changed its name to Odyssey House NSW from 25 July 2017. There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the foundation, the results of those operations, or the state of affairs of the foundation in future financial years.

**Indemnification of officers**

The foundation has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the foundation or of any related body corporate against a liability incurred by such an officer or auditor.

**Environmental regulations**

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

# Odyssey House NSW

**ABN 49 001 418 257**

**For the year ended 30 June 2017**
**Members' guarantee**
In accordance with the foundation's constitution, each member is required to contribute a maximum liable to contribute of $50 each in the event that the foundation is wound up.

The total amount that members of the entity are liable to contribute if the foundation is wound up is $550 (2016: $550).

**Auditor's independence declaration**

The auditor's independence declaration is included after this report.

This director's report is signed in accordance with a resolution of directors.

On behalf of the Directors in accordance with a resolution of the Board of Directors:

Director : ..........................................................
Douglas Norman Snedden

Director: ..........................................................
John Francis Coughlan

Dated: 19 September 2017

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ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

The Directors
Odyssey House NSW
(formerly Odyssey House McGrath Foundation)
PO Box 459
CAMPBELLTOWN NSW 2560

Date: 19 September 2017

Dear Board Members,

Odyssey House NSW (formerly Odyssey House McGrath Foundation)

In accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Odyssey House NSW (formerly Odyssey House McGrath Foundation).

As the lead audit partner for the audit of the financial statements of Odyssey House NSW (formerly Odyssey House McGrath Foundation) for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stewart Thompson
Partner
Chartered Accountants
Parramatta

# Odyssey House NSW

**ABN 49 001 418 257**

**Directors' Declaration**

The board members declare that:

a. in the board members' opinion, there are reasonable grounds to believe that the foundation will be able to pay its debts as and when they become due and payable; and

b. in the board members' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Foundation; and

Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director ..........................................................
Douglas Norman Snedden

Director ..........................................................
John Francis Coughlan

Dated: 19 September 2017

# Odyssey House NSW

**ABN 49 001 418 257**

**Declaration by responsible office in respect of Fundraising Appeals**

I, Julie Babineau, Chief Executive Officer and responsible officer of Odyssey House NSW, declare in my opinion that:

(a) the financial report gives a true and fair view of all income and expenditure of Odyssey House NSW with respect to fundraising appeal activities for the year ended 30 June 2017;

(b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities for the year ended 30 June 2017;

(c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the conditions attached to the authority have been complied with for the year ended 30 June 2017; and

(d) the internal controls exercised by Odyssey House NSW are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated: 19 September 2017

J. Babineau

Julie Babineau (Chief Executive Officer)

# Odyssey House NSW

**ABN 49 001 418 257**

**Statement of profit or loss and other comprehensive income**
**for the year ended 30 June 2017**

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| Revenue | 3 | 9,309,174 | 7,484,066 |
| Other income | 3 | 606,211 | 146,687 |
| Investment income | 3 | 73,731 | 57,293 |
| Employee benefits expense | | (6,479,013) | (5,455,931) |
| Depreciation and amortisation expense | 10 | (312,015) | (310,387) |
| Operating expenses | | (2,402,651) | (1,473,049) |
| Finance costs | | (5,623) | (9,794) |
| **Profit before tax** | | 789,814 | 438,885 |
| Income tax expense | | - | - |
| **Profit for the year** | 3 | 789,814 | 438,885 |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income for the year** | | 789,814 | 438,885 |

# Odyssey House NSW

**ABN 49 001 418 257**

**Statement of financial position**
**as at 30 June 2017**

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 3,619,272 | 3,088,862 |
| Trade and other receivables | 6 | 69,362 | 28,883 |
| Inventories | 7 | 47,598 | 35,084 |
| Financial assets | 8 | 1,520,000 | 1,100,000 |
| Other assets | 9 | 50,888 | 27,176 |
| **Total current assets** | | 5,307,120 | 4,280,005 |
| **Non-current assets** | | | |
| Other assets | 9 | 61,113 | 30,250 |
| Property, plant and equipment | 10 | 2,701,269 | 1,946,605 |
| **Total non-current assets** | | 2,762,382 | 1,976,855 |
| **Total assets** | | 8,069,502 | 6,256,860 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 1,317,146 | 659,856 |
| Other liabilities | 12 | 1,879,028 | 1,486,882 |
| Borrowings | 13 | 38,172 | 45,237 |
| Provisions | 14 | 700,046 | 617,120 |
| **Total current liabilities** | | 3,934,392 | 2,809,095 |
| **Non-current liabilities** | | | |
| Other liabilities | 12 | 21,771 | 21,771 |
| Borrowings | 13 | 14,559 | 58,414 |
| Provisions | 14 | 93,082 | 151,696 |
| **Total non-current liabilities** | | 129,412 | 231,881 |
| **Total liabilities** | | 4,063,804 | 3,040,976 |
| **Net assets** | | 4,005,698 | 3,215,884 |
| **Equity** | | | |
| Contributed equity | | 15,000 | 15,000 |
| Retained earnings | | 3,990,698 | 3,200,884 |
| **Total equity** | | 4,005,698 | 3,215,884 |

# Odyssey House NSW

**ABN 49 001 418 257**

**Statement of changes in equity**
**for the year ended 30 June 2017**

**2017**

| | Retained earnings | Total members' funds | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 1 July 2016** | 3,200,884 | 15,000 | 3,215,884 |
| Profit for the year | 789,814 | - | 789,814 |
| Other comprehensive income for the year | - | - | - |
| **Total comprehensive income for the year** | 789,814 | - | 789,814 |
| **Balance at 30 June 2017** | 3,990,698 | 15,000 | 4,005,698 |

**2016**

| | Retained earnings | Total members' funds | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 1 July 2015** | 2,761,999 | 15,000 | 2,776,999 |
| Profit for the year | 438,885 | - | 438,885 |
| Other comprehensive income for the year | - | - | - |
| **Total comprehensive income for the year** | 438,885 | - | 438,885 |
| **Balance at 30 June 2016** | 3,200,884 | 15,000 | 3,215,884 |

# Odyssey House NSW

**ABN 49 001 418 257**

**Statement of cash flows**
**for the year ended 30 June 2017**

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Receipts from fundraising appeals, donations, residences and bequests | | 9,820,330 | 7,709,833 |
| Payments to suppliers and employees | | (7,820,429) | (5,561,291) |
| Interest received | | 73,731 | 57,293 |
| Interest paid | | (5,623) | (9,794) |
| Net cash generated by operating activities | | 2,068,009 | 2,196,041 |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 132,379 | 58,279 |
| Payments for property, plant and equipment | | (1,199,058) | (201,558) |
| Purchase of financial assets | | (420,000) | - |
| Net cash (used in) investing activities | | (1,486,679) | (143,279) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | (50,920) | (100,788) |
| Net cash (used in) financing activities | | (50,920) | (100,788) |
| | | | |
| Net increase in cash and cash equivalents | | 530,410 | 1,951,974 |
| Cash and cash equivalents at the beginning of the year | | 3,088,862 | 1,136,888 |
| Cash and cash equivalents at the end of financial year | 5 | 3,619,272 | 3,088,862 |

## 1. General information

Odyssey House NSW (formerly Odyssey House McGrath Foundation) ("the foundation") is a not for profit entity incorporated in Australia. The address of its registered office and principal place of business is as follows:

Odyssey House NSW
13A Moonstone Place
Eagle Vale NSW 2558

## 2. Significant accounting policies

### *Statement of compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

For the purposes of preparing the financial statements, the foundation is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 19 September 2017.

### *Basis of preparation*

The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the foundation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

## 2. Significant accounting policies

### *(a) Revenue recognition*

<u>Sale of goods or services</u>

Revenue is measured at the fair value of the consideration received or receivable. .

Revenue from the sale of goods or services are recognised when the goods or services are delivered and titles have passed at which time all the following conditions are satisfied:

- the foundation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the foundation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or services sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the foundation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Interest income</u>

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the foundation and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

### *(b) Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership of to the lessee. All other leases are classified as operating leases.

<u>The foundation as lessee</u>

Assets held under finance leases are initially recognised as assets of the foundation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Foundation’s general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**2. Significant accounting policies (cont'd)**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

***(c) Contributions - Government grants / donations***

A contribution occurs when the foundation receives an asset, including the right to receive cash or other forms of asset without directly giving approximately equal value to the other party to the transfer; that is, when there is a non-reciprocal transfer. Contributions would include donations and government grants. Contributions that are income exclude contributions by owners.

Income from contributions is recognised when all the following conditions are satisfied:

- the foundation obtains control of the contribution or right to receive the contribution;
- it is probable the economic benefits comprising the contribution will flow to the Foundation; and
- the amount of contribution can be measured reliably.

Income arising from contributions is measured at the fair value of the contributions received or receivable.

Where full control, measurement and benefit are achieved on receipt of funds, these funds are recognised as income on receipt.

Government grant funding is reviewed at each reporting date, to determine whether grant income is restrained from recognition due to an agreement to provide services or facilities that make it eligible to receive the income. Government funding that is determined to be of a service nature is brought to account when service obligations have been performed.

***(d) Employee benefits***

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal value using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the foundation in respect of services by employees up to reporting date.

***(e) Taxation***

The foundation is exempted from income tax under Division 50 of the Income Tax Assessment Act 1997.

***(f) Property, plant and equipment***

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**2. Significant accounting policies (cont'd)**

***(f) Property, plant and equipment (cont'd)***

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives used for each class of depreciable asset are shown below:

| **Class of property, plant and equipment** | **Useful life** |
|---|---|
| Plant and equipment | 5 years |
| Motor vehicles | 4.4 years |
| Leasehold improvements | 20 years |
| Land and buildings | 20 years |
| Leased motor vehicles | Over the lease term |

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 tangible assets***

At the end of each reporting period, the foundation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. A loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see (h) above).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see (h) above).

## 2. Significant accounting policies (cont'd)

### *(h) Inventories*

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### *(i) Provisions*

Provision is recognised when the foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that the foundation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### *(j) Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### *Financial assets*

Financial assets are classified into the following specified categories: financial assets 'held-to-maturity' investments, 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## 2. Significant accounting policies (cont'd)

### *(j) Financial instruments (cont'd)*

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the foundation has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## 2. Significant accounting policies (cont'd)

### *(j) Financial instruments (cont'd)*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

<u>Derecognition of financial assets</u>

The foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the foundation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the foundation retains substantially all the risks and rewards of ownership of a transferred financial asset, the foundation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the foundation retains an option to repurchase part of a transferred asset), the foundation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### *Financial liabilities*

<u>Other financial liabilities</u>

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**2. Significant accounting policies (cont'd)**

Derecognition of financial liabilities

The foundation derecognises financial liabilities when, and only when, the foundation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### *(k) Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

### *(l) Cash and cash equivalents*

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

### *(m) Comparative amounts*

In the application of the foundation's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### *(n) Critical judgements in applying accounting policies*

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the foundation.

***Key sources of estimation uncertainty***

Useful lives of property, plant and equipment

As described at (f) above, the foundation reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

**2. Significant accounting policies (cont'd)**

*(o)* New Standards and Interpretations issued not yet adopted

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the entity and its subsidiaries has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new accounting standards did not have any material impact.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|---|
| AASB 9 Financial Instruments | 1 January 2018 | 30 June 2019 |
| AASB 15 Revenue from contracts with customers | 1 January 2018 | 30 June 2019 |
| AASB 16 Leases | 1 January 2019 | 30 June 2020 |

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC interpretations were also in issue but not effective, although Australian equivalent standards and interpretations have not yet been issued.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|---|
| IFRS 17 Insurance Contract | 1 January 2021 | 30 June 2022 |

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## 3. Revenue

The following is an analysis of the foundation's revenue for the year from continuing operations excluding investment income.

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| ***Revenue*** | | |
| Donations | 623,838 | 446,458 |
| Grants | 7,218,228 | 5,574,741 |
| Treatment cost and fees | 1,274,100 | 1,174,953 |
| Fundraising income | 193,008 | 287,914 |
| | 9,309,174 | 7,484,066 |
| **Other Income** | | |
| Other operating income | 346,870 | 114,689 |
| Profit on acquisition of Bridges Incorporated | 259,341 | - |
| Profit on disposal of property, plant and equipment | - | 31,998 |
| | 606,211 | 146,687 |

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **Investment income** | | |
| *Interest income* | | |
| Bank deposits | 73,731 | 57,293 |
| The following is an analysis of investment income by category of asset. | | |
| Loans and receivables (including cash and bank balances) | 73,731 | 57,293 |
| Total interest income earned on financial assets | 73,731 | 57,293 |

## 4. Profit for the year

**Profit for the year has been arrived at after charging (crediting):**

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **Finance costs** | | |
| **Financial liabilities measured at amortised cost:** | | |
| Unwinding of discount on financial liabilities | 3,691 | 5,375 |
| Interest on finance lease | 1,933 | 4,419 |
| **Total finance costs** | 5,624 | 9,794 |
| | | |
| Salaries, wages and on costs | 5,929,966 | 4,988,836 |
| Superannuation contributions | 549,046 | 467,095 |

### 5. Cash and cash equivalents

| | | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| Cash on hand | | 3,100 | 2,300 |
| Cash at bank | | 2,200,103 | 3,086,562 |
| Short-term bank deposits | | 1,416,069 | - |
| | 19 | 3,619,272 | 3,088,862 |

Cash and cash equivalents includes $143,174 (2016: $122,013) of cash at bank in demand deposit account and is earmarked to be utilised for resident welfare program.

### 6. Trade and other receivables

| **Current** | | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| Trade receivables | | 14,351 | 7,910 |
| Interest receivable | | 6,864 | 7,232 |
| Other receivables | | 48,147 | 13,741 |
| | 19 | 69,362 | 28,883 |

### 7. Inventories

**Current**

| At cost: | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Stock on hand | 47,598 | 35,084 |

### 8. Financial assets

| **Current** | | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| Held-to-maturity financial assets | 19 | 1,520,000 | 1,100,000 |

The foundation holds fixed term deposits that carry interest at fixed rate.

### 9. Other assets

| **Current** | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Prepayments | 50,888 | 27,176 |
| **Non-current** | | |
| Rental bond | 61,113 | 30,250 |

## 10. Property, plant and equipment

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Buildings | | |
| At cost | 1,337,130 | 348,440 |
| Accumulated depreciation | (186,381) | (117,488) |
| | 1,150,749 | 230,952 |
| Plant and equipment | | |
| At cost | 612,793 | 677,602 |
| Accumulated depreciation | (443,879) | (513,783) |
| | 168,914 | 163,819 |
| Motor vehicles | | |
| At cost | 232,072 | 213,613 |
| Accumulated depreciation | (110,479) | (76,436) |
| | 121,593 | 137,177 |
| Leasehold improvements | | |
| At cost | 4,239,099 | 4,218,586 |
| Accumulated depreciation | (2,979,086) | (2,803,929) |
| | 1,260,013 | 1,414,657 |
| | 1,550,520 | 1,715,653 |
| | 2,701,269 | 1,946,605 |

### (a) 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:

| | Buildings | Plant and equipment | Motor vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **2017** | | | | | |
| Balance at 30 June 2016 | 230,952 | 163,819 | 137,177 | 1,414,657 | 1,946,605 |
| Additions | 988,690 | 148,717 | 41,138 | 20,513 | 1,199,058 |
| Disposals | - | (141,938) | (22,679) | - | (164,617) |
| Depreciation and amortisation expense | (68,893) | (1,684) | (34,043) | (175,157) | (279,777) |
| **Balance at 30 June 2017** | 1,150,749 | 168,914 | 121,593 | 1,260,013 | 2,701,269 |

**10. Property, plant and equipment (contd.)**

| | Buildings | Plant and equipment | Motor vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **2016** | | | | | |
| Balance at 30 June 2015 | 243,308 | 186,919 | 83,959 | 1,567,530 | 2,081,716 |
| Additions | - | 53,153 | 120,040 | 28,365 | 201,558 |
| Disposals | - | - | (22,683) | (3,599) | (26,282) |
| Depreciation and amortisation expense | (12,356) | (76,253) | (44,139) | (177,639) | (310,387) |
| **Balance at 30 June 2016** | 230,952 | 163,819 | 137,177 | 1,414,657 | 1,946,605 |

**11. Trade and other payables**

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Current** | | | |
| Trade payables | | 558,319 | 92,600 |
| Sundry payables and accrued expenses | | 619,009 | 457,981 |
| Residents welfare accounts | | 139,818 | 109,275 |
| | | 1,317,146 | 659,856 |

No interest is charged on the trade payables. The foundation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**12. Deferred revenue**

| | 2017 $ | 2016 $ |
|---|---|---|
| **Current** | | |
| Deferred income | 10,887 | 10,887 |
| Unexpired specific grants | 1,868,141 | 1,475,995 |
| | 1,879,028 | 1,486,882 |
| **Non-current** | | |
| Deferred income | 21,771 | 21,771 |

**Notes to the financial statements**
**for the year ended 30 June 2017**

### 13. Borrowings

| **Current** | | **2017** | **2016** |
|---|---|---|---|
| | | **$** | **$** |
| Lease liability (i) | 15 | 7,836 | 17,674 |
| Loan - Campbelltown property (ii) | | 30,336 | 27,563 |
| | | 38,172 | 45,237 |
| **Non-current** | | | |
| Lease liability (i) | 15 | 14,559 | 22,395 |
| Loan - Campbelltown property (ii) | | - | 36,019 |
| | | 14,559 | 58,414 |
| **Total borrowings** | 19 | 52,731 | 103,651 |

(i) Lease liabilities are secured by the underlying leased assets.
(ii) The loan is secured over Campbelltown property. It is due to be repaid by 2018.

### 14. Provisions

| | **2017** | **2016** |
|---|---|---|
| | **$** | **$** |
| **Current** | | |
| Provision for annual leave | 288,685 | 260,990 |
| Provisions for long service leave | 336,768 | 295,914 |
| Provisions for on costs | 38,907 | 34,399 |
| Provision for TIL and RDO | 35,686 | 25,817 |
| | 700,046 | 617,120 |
| **Non-current** | | |
| Provisions for long service leave | 93,082 | 151,696 |
| | 93,082 | 151,696 |

The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

### 15. Capital and leasing commitments

#### (a) Finance leases

| | **Note** | **2017** | **2016** |
|---|---|---|---|
| | | **$** | **$** |
| Minimum lease payments: | | | |
| not later than one year | | 7,836 | 19,608 |
| later than one year and but not later than five years | | 16,002 | 23,838 |
| Minimum lease payments | | 23,838 | 43,446 |
| Less: finance changes | | (1,443) | (3,377) |
| Present value of minimum lease payments | | 22,395 | 40,069 |

### 15. Capital and leasing commitments (contd.)

Finance leases are in place for motor vehicles and normally have a term between 1 and 2 years.

**(b) Operating leases**

| Minimum lease payments under non-cancellable operating leases: | **2017** | **2016** |
|---|---|---|
| | **$** | **$** |
| not later than one year | 116,149 | 107,301 |
| later than one year and but not later than five years | 6,001 | 113,302 |
| later than five years | - | - |
| | 122,150 | 220,603 |

Operating leases have been have been taken out for premises. Lease payments are increased on an annual basis to reflect market rentals.

**16. Events occurring after the reporting date**

Odyssey House McGrath Foundation has changed its name to Odyssey House NSW from 25 July 2017. There have been no events subsequent to balance date which would have a material effect on the foundation's financial statements as at 30 June 2017.

**17. Key management personnel compensation**

The aggregate compensation made to directors and other members of key management personnel of the foundation is set out below:

| | **2017** | **2016** |
|---|---|---|
| | **$** | **$** |
| Short-term employee benefits | 744,325 | 553,933 |
| Long-term benefits | 14,271 | 93,778 |
| | 758,596 | 647,711 |

Non-executive directors provide their time on a pro bono bases and no fees are paid to these directors.

**18. Information and declarations to be furnished under the Charitable Fundraising Act 1991**

**Details of aggregate gross income and total expenses of fundraising appeals**

| | **2017** | **2016** |
|---|---|---|
| **Gross proceeds from fundraising appeals** | **$** | **$** |
| Fundraising functions | 236,095 | 373,384 |
| Donations from charitable trusts and foundations | - | 68,000 |
| General donations | 623,787 | 379,238 |
| | 859,882 | 820,622 |

18. Information and declarations to be furnished under the Charitable Fundraising Act 1991 (contd.)

| Fundraising functions | 2017 $ | 2016 $ |
|---|---|---|
| Real Men Cook | 54,440 | 83,660 |
| Fund Managers Awards (FMA) | 142,726 | 108,412 |
| Business Women's Lunch | 9,760 | 88,140 |
| City to Surf | - | 2,456 |
| Donation from FMA | - | 35,000 |
| ASX Thomson Reuters Charity Foundation Art Union | 29,169 | 55,716 |
| | 236,095 | 373,384 |

| Less cost of fundraising functions | 2017 $ | 2016 $ |
|---|---|---|
| Real Men Cook | 17,712 | 16,225 |
| Business Women's Lunch | 9,847 | 32,699 |
| Open Day | 778 | - |
| ASX Thomson Reuters Charity Foundation Art Union | 14,750 | 35,000 |
| | 43,087 | 83,924 |
| Cost of other fundraising appeals | 393,757 | 318,054 |
| **Total cost of fundraising appeals** | 436,844 | 401,978 |
| Net surplus obtained from fundraising appeals | 423,038 | 418,644 |

**Details of aggregate gross income and total expenses of fundraising appeals**

The foundation received donations from Corporate Organisations, Charitable Trusts, Companies and the general public. Fundraising appeals held during the year include Real Men Cook, the Corporate Luncheon, ASX Thomson Reuters, City to Surf and the Fund Managers Awards. The Foundation and the Sydney Children's Hospital Foundation are joint beneficiaries of the Fund Managers Awards.

| | 2017 $ | 2016 $ |
|---|---|---|
| **Statement showing how funds received were applied for charitable purposes** | | |
| Net surplus obtained from fundraising appeals | 423,038 | 418,644 |
| **This is applied to the charitable purposes in the following manner:** | | |
| To supplement Government assistance in funding the foundation's programs | 423,038 | 418,644 |

| | 2017 $ | % | 2016 $ | % |
|---|---|---|---|---|
| **Comparison by monetary figures and percentages** | | | | |
| Total cost of fundraising/ gross income from fundraising | 436,845/859,882 | 51 | 401,978/820,622 | 49 |
| Net surplus from fundraising / gross income from fundraising | 423,038/859,882 | 49 | 416,644/820,621 | 51 |

## 19. Financial instruments

### *(a) Categories of financial instruments*

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 5 | 3,619,272 | 3,088,862 |
| Held-to-maturity investments | 8 | 1,520,000 | 1,100,000 |
| Trade and other receivables | 6 | 69,362 | 28,883 |
| **Total financial assets** | | 5,208,634 | 4,217,745 |

| **Financial liabilities** | | 2017 $ | 2016 $ |
|---|---|---|---|
| *Financial liabilities at amortised cost* | | | |
| Trade and other payables | 11 | 1,317,146 | 659,855 |
| Borrowings | 13 | 52,731 | 103,651 |
| **Total financial liabilities** | | 1,369,877 | 763,506 |

## 20. Acquisition during the year

During the year on 31 March 2017, the entire net assets of Bridges Incorporated was acquired by the entity for a consideration of $1. The assets and liabilities and gain on acquisition recognised as a result of the acquisition are as follows;

| | $ |
|---|---|
| Cash | 316,194 |
| Property Plant and Equipment | 21,640 |
| Unexpired grant | (26,850) |
| Employee Liability | (51,642) |
| Net asset acquired | **259,342** |
| Less: consideration paid | (1) |
| Gain on acquisition | **259,341** |

## 21. Fair value measurement

This note provides information about how the foundation determines fair values of various financial assets and financial liabilities.

The foundation does not have any financial assets and financial liabilities that are measured at fair value at the end of each reporting period.

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# Independent Auditor's Report to the Members of Odyssey House NSW (formerly Odyssey House McGrath Foundation)

*Opinion*

We have audited the financial report of Odyssey House NSW (formerly Odyssey House McGrath Foundation) (the "Entity") which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the directors as set out in pages 7 to 29.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

(i) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*Basis for Opinion*

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

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

*Other Information*

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the Financial Report*

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC

Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

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

DELOITTE TOUCHE TOHMATSU

Stewart Thompson
Partner
Chartered Accountants
Parramatta, 19 September 2017

# Odyssey House NSW

**ABN 49 001 418 257**

**Unaudited profit and loss account**
**for the year ended 30 June 2017**

| | 2017 $ | 2016 $ |
|---|---|---|
| **Income** | | |
| Donations | 623,838 | 446,458 |
| Grants | 7,218,228 | 5,574,741 |
| Treatment cost and fees | 1,274,100 | 1,174,953 |
| Functions income - net | 193,008 | 287,914 |
| Other income | 346,870 | 114,689 |
| - Profit on acquisition of Bridges incorporated | 259,341 | - |
| Profit on disposal of property, plant & equipment | - | 31,998 |
| Interest received | 73,731 | 57,293 |
| | 9,989,116 | 7,688,046 |
| **Less: Expenses** | | |
| Affiliation fees/subscriptions | 37,880 | 35,483 |
| Amortisation of leased assets | 175,156 | 177,639 |
| Audit fees | 46,900 | 36,040 |
| Bank charges | 10,110 | 8,508 |
| Bedding & linen | 9,164 | 5,802 |
| Clinical supervision | 12,427 | 11,742 |
| Computer/IT expenses | 88,406 | 50,418 |
| Conferences | 18,441 | 14,461 |
| Consultant fees | 164,308 | 99,410 |
| Depreciation | 136,859 | 132,748 |
| Equipment purchases | 20,469 | 16,219 |
| Equipment rental and maintenance | 16,909 | 19,525 |
| Food & beverages | 215,637 | 177,260 |
| Interest paid | 1,933 | 4,419 |
| Unwinding of discount on financial liabilities | 3,691 | 5,375 |
| Hygiene supplies | 60,382 | 44,134 |
| Insurance | 109,691 | 87,447 |
| Kitchen supplies | 9,512 | 6,760 |
| Legal Fees | 5,171 | 2,983 |
| Maintenance of buildings and grounds | 534,714 | 248,591 |
| Marketing expenses | 70,389 | 52,986 |
| Medical supplies and testing | 30,972 | 29,901 |
| Motor vehicle expenses | 39,901 | 33,184 |
| Occupancy - building rentals | 181,967 | 125,469 |
| Occupancy - utilities | 103,045 | 98,038 |
| Office supplies, postage and printing | 57,670 | 56,943 |
| Recreation expense | 28,401 | 28,195 |
| Recruiting costs | 49,291 | 34,088 |
| Rent | 117,548 | 96,000 |
| Sundry expenses | 177,191 | (117,050) |
| Salaries and on costs | 6,479,013 | 5,455,931 |
| Staff training | 43,351 | 41,489 |
| Strata fees | 15,051 | 9,453 |
| Telephone | 72,848 | 61,823 |
| Text books, teaching aids and reference materials | 18,960 | 26,458 |
| Transport | 35,944 | 23,292 |
| Travel - overseas | - | 8,000 |
| | 9,199,303 | 7,249,164 |
| **Profit/(loss) before tax** | 789,814 | 438,882 |