



*Reconnecting lives
in times of need*



Odyssey House NSW

ABN 49 001 418 257

Annual report for the year ended 30 June 2021

Odyssey House NSW

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The Directors of Odyssey House NSW (the “Company”) submit herewith the annual report of the Company for the financial year ended 30 June 2021.

Directors

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

Names	Occupation	Qualifications
Julie Babineau	Director/Chief Executive Officer	MSW, BSc, GAICD
Christine Anne Bishop	Director	BA, LLB, BSc (Hons), MPsych. (For) (Hons), MFMH, FAICD
John Francis Coughlan	Director	BEC. Dip Rur. Acc. (UNE), FCA, FCPA
Michael Farrell (Appointed Oct 2020)	Director	MB, Bch BAO
Stewart Hindmarsh (Approved leave until Jan 2021)	Director	BEC/LLB (Hons), MBus (Fin)
Valerie Hoogstad	Director	BA, MBA, Dip TESOL
Peter Lind Johnstone (Resigned Sept 2021)	Director	LLB
Debra Kelliher (Appointed Feb 2021)	Director	MA (Hons), Ed D, GAICD
David McGrath	Director	BSc(Psych) (Hons), MBA, Juris Doctor
Stacey Quince (Resigned Sept 2020)	Director	Med, MA, DipEd, BA
Douglas Norman Snedden	Chairman	BEC
Susanne Margaret Taylor	Director	Mcomm, BSc Politics, Govt & ModHist
Garry Ronald Wayling	Director	Bcom, ACA, GAICD

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 Company is a not for profit offering a diverse range of residential and community services for those impacted by the complexities of alcohol and other drug dependency. There was no significant change in the nature of this activity during the financial year.

Strategy, objectives and performance

The Strategic Plan 2020-24 was developed to help us sustain, optimise, expand and improve our services so we can continue to reduce harms related to drug and alcohol use, particularly among vulnerable populations.

Despite the pandemic’s challenges to our operations and fundraising activities, we made progress towards our four strategic goals:

1. Build our Scale – by growing our programs and service delivery in balance with our core business;

2. Strengthen our Systems and Processes – by building an efficient and sustainable organisation providing equality, diversity and seamless access to clients;
3. Align and Sustain our Resources – by strengthening and building on our current viable financial position to ensure efficient and effective use of current resources and attract, diversify and retain current and new sources of income; and
4. Develop and Retain our Workforce – so we are recognised as an employer of choice with an engaged workforce focused on client care.

The Company has completed some of the objectives that were set in the 2024 Strategic Plan

The Company continues to review and improve 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 and mental health sectors;
4. Increase productivity and effectiveness in the use of resources and maintain transparency and accountability through good governance;
5. Create balance and diversity in income sources and align grants with client needs;
6. Embed a values driven performance culture and establish competency-building system to improve performance, within management and leadership; and
7. Create an environment that encourages and allows staff to offer new ideas through innovation.

Meetings of directors

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, 9 meetings of directors were held.

	Directors' meetings	
	Number eligible to attend	Number attended
Julie Babineau	9	9
Christine Anne Bishop	9	9
John Francis Coughlan	9	8
Michael Farrell (joined Oct 2020)	7	6
Stewart Hindmarsh *	5	5
Valerie Hoogstad	9	9
Peter Lind Johnstone (resigned Sept 2021)	9	9
Debra Kelliher (joined Feb 2021)	5	5
David McGrath	9	9
Stacey Quince (resigned Sept 2020)	2	2
Douglas Norman Snedden	9	8
Susanne Margaret Taylor	9	8
Garry Ronald Wayling	9	7

(*) on approved leave of absence until January 2021

Changes in state of affairs

There was no significant change in the state of affairs of the Company during the financial year.

Subsequent events

Subsequent to the end of the financial year there have been lockdown measures imposed in New South Wales. Lockdown measures implemented in Greater Sydney from June 2021 to date include restrictions on local government areas of concern that people are only allowed to leave their home for essential reasons.

Since the Company has been designated an essential service by NSW Health, the Company did not have to stop its activities due to mandatory government quarantine measures in an effort to contain the spread of the epidemic and the company continued operations throughout the restriction measures.

The Directors do not consider that the general economic impacts arising from COVID-19 are expected to have a significant impact on the operations of the Company in the short term. Notwithstanding that the duration and severity of COVID-19 is uncertain at the date of signing these financial statements, and the impact on fundraising and donations income is unknown, the directors are not anticipating a material negative effect on forecast grant income and recoverability of the Company's tangible and intangible assets. Accordingly, the economic effects arising from the COVID-19 outbreak are not expected to have a material negative effect on the results of the Company for the full year of 2022.

Except for the matters mentioned above, there are no other matters which have arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Indemnification of officers

The Company 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 Company or of any related body corporate against a liability incurred by such an officer or auditor.

Environmental regulations

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

Members' guarantee

In accordance with the Company's constitution, each member is required to contribute a maximum liable to contribute of \$50 each in the event that the Company is wound up.

The total amount that members of the entity are liable to contribute if the Company is wound up is \$600 (2020: \$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

Dated

21 September 2021

The Directors
Odyssey House NSW
PO Box 459
Campbelltown NSW 2650

Dear Board Members

Auditor's Independence Declaration to Odyssey House NSW

In accordance with section 60-C of 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.

As lead audit partner for the audit of the financial report of Odyssey House NSW for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Stewart Thompson
Partner
Chartered Accountants

Odyssey House NSW

Directors' declaration

The board members declare that:

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

Dated:

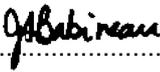
Odyssey House NSW

Declaration by responsible officer 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 2021;
- (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 2021;
- (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 2021; 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:


.....

Julie Babineau (Chief Executive Officer)

Odyssey House NSW

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue	2	15,695,438	11,436,575
Investment income	2	180,149	45,527
Employee benefits expense	5	(9,174,091)	(8,353,643)
Depreciation and amortisation expense	13,16	(888,995)	(957,206)
Operating expenses		(4,225,359)	(2,784,580)
Finance costs	16	(51,447)	(67,681)
Profit /(Loss) before tax		1,535,695	(681,008)
Income tax expense		-	-
Profit/(Loss) for the year		1,535,695	(681,008)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		1,535,695	(681,008)

Odyssey House NSW

Statement of financial position

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	4,170,385	2,938,650
Trade and other receivables	9	293,745	228,383
Inventories	10	41,175	33,552
Financial assets	11	6,690,245	7,520,000
Other assets	12	79,905	95,381
Total current assets		<u>11,275,455</u>	<u>10,815,966</u>
Non-current assets			
Other assets	12	139,710	142,710
Right-of-use assets	16	752,202	1,158,948
Property, plant and equipment	13	2,633,107	2,520,660
Investment property	14	940,068	940,068
Total non-current assets		<u>4,465,087</u>	<u>4,762,386</u>
Total assets		<u>15,740,542</u>	<u>15,578,352</u>
Liabilities			
Current liabilities			
Trade and other payables	15	1,136,886	1,262,465
Lease liabilities	16	460,139	424,916
Deferred Income	3	6,615,825	7,491,564
Provisions	6	811,390	784,071
Total current liabilities		<u>9,024,240</u>	<u>9,963,016</u>
Non-current liabilities			
Lease liabilities	16	430,198	890,338
Provisions	6	162,793	137,382
Total non-current liabilities		<u>592,991</u>	<u>1,027,720</u>
Total liabilities		<u>9,617,231</u>	<u>10,990,736</u>
Net assets		<u>6,123,311</u>	<u>4,587,616</u>
Equity			
Contributed equity		15,000	15,000
Retained earnings		6,108,311	4,572,616
Total equity		<u>6,123,311</u>	<u>4,587,616</u>

Odyssey House NSW

Statement of changes in equity

For the year ended 30 June 2021

2021

	Retained earnings	Total members' funds	Total
	\$	\$	\$
Balance at 1 July 2020	4,572,616	15,000	4,587,616
Profit for the year	1,535,695	-	1,535,695
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	1,535,695	-	1,535,695
Balance at 30 June 2021	6,108,311	15,000	6,123,311

2020

	Retained earnings	Total members' funds	Total
	\$	\$	\$
Balance at 1 July 2019	5,268,883	15,000	5,283,883
Adjustment – LSL discounting	96,943		96,943
Lease liabilities/ROU assets AASB16 adoption	(112,202)		(112,202)
Loss for the year	(681,008)	-	(681,008)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	(681,008)	-	(681,008)
Balance at 30 June 2020	4,572,616	15,000	4,587,616

Odyssey House NSW

Statement of cash flows

For the year ended 30 June 2021

	2021	2020
Note	\$	\$
Cash flow from operating activities		
Receipts from operating activities	14,757,337	20,683,154
Payments to suppliers and employees	(13,459,270)	(12,088,720)
Interest received	9,904	45,527
Interest paid on lease liability	(51,447)	(67,681)
Net cash generated by operating activities	<u>1,256,524</u>	<u>8,572,280</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(599,872)	(254,992)
Movement in financial assets	1,000,000	(6,000,000)
Net cash from/(used in) investing activities	<u>400,128</u>	<u>(6,254,992)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(424,917)	(337,528)
Net cash used in financing activities	<u>(424,917)</u>	<u>(337,528)</u>
Net increase in cash and cash equivalents	1,231,735	1,464,760
Cash and cash equivalents at the beginning of the year	<u>2,938,650</u>	<u>1,473,890</u>
Cash and cash equivalents at the end of financial year	<u>8</u> <u>4,170,385</u>	<u>2,938,650</u>

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

About This Report

Odyssey House NSW (“the Company”) 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

1. Reporting Entity

Basis of preparation

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 Company is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 21 September 2021.

The financial statements have been prepared on the basis of historical cost.

All amounts are presented in Australian dollars, unless otherwise noted.

Taxation

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

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 Company.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

As described in Note 13, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Fair value of investment property assets

The Company estimates the fair value of investment properties at each reporting date primarily based on assessment of current market sale prices at or around balance date of comparable properties using available market data.

Disclosure of significant accounting policies

The significant accounting policies used in the preparation of the financial statements are disclosed adjacent to the description and amounts to which they relate in the following pages.

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

Our key numbers and fundraising

This section (Notes 2 - 4) provides the information that is most relevant to understanding the financial performance of the Company.

2. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2021	2020
	\$	\$
Revenue		
Donations	462,002	409,133
Grants	13,705,182	9,522,193
Treatment cost and fees	1,227,176	1,141,898
Fundraising income	159,642	195,868
	<u>15,554,002</u>	<u>11,269,092</u>
Other operating income		
Other operating income	141,436	167,483
	<u>15,695,438</u>	<u>11,436,575</u>
Investment income		
<i>Interest income</i>		
- Bank deposits	9,904	45,527
<i>Other gain and loss from investment in managed funds designated at Fair value through Profit and Loss (FVTPL)</i>		
- Unit fund returns	170,245	-
	<u>180,149</u>	<u>45,527</u>
The following is an analysis of investment income by category of asset.		
Loans and receivables (including cash and bank balances)	9,904	45,527
Investment in managed funds designated at FVTPL	170,245	-
Total investment income earned on financial assets	<u>180,149</u>	<u>45,527</u>

Capital grants

The entity has recognised the following liabilities arising from capital grants received to construct an asset to be controlled by the entity:

Balance as at 1 July 2020	\$1,000,000
Additional grants received during the year	\$750,000
Revenue recognised in profit or loss	<u>(\$156,943)</u>
Balance as at 30 June 2021	<u>\$1,593,057</u>

As the capital grants received by the Company are primarily for the construction of buildings, the Company recognises income as the buildings are constructed (as it satisfies its obligation).

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

Accounting Policy

Revenue recognition

Services Revenue (Accommodation cost and fees)

Services revenue is recognised when the performance obligations in respect to the services have been satisfied.

Government grants

AASB 1058 requires that in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction should be accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Company conducts an assessment of government grant contracts to determine whether the arrangement meets the enforceability and the 'sufficiently specific' criteria under AASB 15. For those grant contracts that are not enforceable, or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise and recognised when (or as) the performance obligations are satisfied.

Donations and bequests

The Company has assessed that the majority of the donations and bequests do not meet the enforceability and the 'sufficiently specific' criteria under AASB 15 and would therefore be recognised as income once the Company controlled the relevant asset (assuming no other related amounts are applicable) under AASB 1058.

Capital grants – Buildings

In cases where the transaction includes a transfer to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, AASB 1058 requires the entity to recognise a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer

Capital grants – Research expenditure (non-recognisable asset)

For capital grants relating to a non-recognisable asset (e.g. research grants not permitted to be recognised as an asset under AASB 138), AASB 1058 requires entities to revert to the general income recognition requirements under AASB 1058.9 which is to recognise income immediately for the excess of the initial carrying amount of the asset over any 'related amounts'.

The Company noted that its capital grants primarily relate to the construction of buildings and there are no research grants.

Volunteer services

Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured.

The Company has assessed that where the fair value of its volunteer services can be reliably measured it will recognise the fair value of volunteer services.

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

Revenue recognition (cont.)

Donated inventories

In cases where entities receive donations of goods which may then be used in its activities, AASB 102 requires the donated inventories to be measured at current replacement cost and any related amounts to be accounted for under AASB 1058. AASB 102 also provides a practical expedient for entities to apply a materiality assessment at the individual item level or at the portfolio level (which is an accounting policy choice) when recognising donated inventories.

The Company has decided to make use of the practical expedient and apply the materiality assessment at the individual item level when recognising donated inventories. Based on an assessment, the Company has noted that it only receives individually immaterial donations of inventory and accordingly will not be required to recognise such donated inventories.

Other Revenue

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

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable to the invested term deposits.

Other gain and loss from investment in managed funds designated at FVTPL

Financial assets at fair value through profit or loss ("FVTPL") (Note 11) are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

3. Deferred Income

Deferred income is shown in the balance sheet and represents amounts received for grants for which the obligations to provide services have yet to be fully completed and if not acquitted to be repaid.

Deferred income

Current

Unexpired specific grants	6,615,825	7,491,564
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Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

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

Details of aggregate gross income and total expenses of fundraising appeals

	2021	2020
	\$	\$
Gross proceeds from fundraising appeals		
Fundraising functions	159,642	212,865
General donations	462,002	409,133
	<u>621,644</u>	<u>621,998</u>

Fundraising functions

Australian Fund Managers Awards (AFMA)	159,642	184,890
Business Women's Lunch	-	10,978
ASX Thomson Reuters Charity Foundation Art Union	-	16,997
	<u>159,642</u>	<u>212,865</u>

Less cost of fundraising functions

Business Women's Lunch	6,818	3,883
ASX Thomson Reuters Charity Foundation Art Union	-	9,960

	<u>6,818</u>	<u>13,843</u>
Cost of other fundraising appeals	294,637	477,322

Total cost of fundraising appeals	<u>301,455</u>	<u>491,165</u>
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Net surplus obtained from fundraising appeals	<u>320,189</u>	<u>130,833</u>
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Details of aggregate gross income and total expenses of fundraising appeals

The Company received donations from corporate organisations, charitable trusts, companies and the general public. Fundraising appeals held during the year include the Australian Fund Managers Awards. The Company and the Sydney Children's Hospital Foundation are joint beneficiaries of the Australian Fund Managers Awards.

	2021	2020
	\$	\$
Statement showing how funds received were applied for charitable purposes		
Net surplus obtained from fundraising appeals	<u>320,189</u>	<u>130,833</u>
This is applied to the charitable purposes in the following manner:		
To supplement Government assistance in funding the Company's programs	<u>320,189</u>	<u>130,833</u>

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

	2021		2020	
	\$	%	\$	%
Comparison by monetary figures and percentages				
Total cost of fundraising/ gross income from fundraising	301,455/621,644	48	282,412/567,424	50
Net surplus from fundraising / gross income from fundraising	<u>320,189/621,644</u>	52	<u>285,011/567,424</u>	50

Our People

This section (Notes 5 - 7) provides details of the Company's employee costs, benefits provided and key management personnel disclosures.

5. Employment expenses

	2021	2020
	\$	\$
Salaries, wages and on costs	8,434,013	7,668,176
Superannuation contributions	740,078	685,467
	<u>9,174,091</u>	<u>8,353,643</u>

6. Provisions - employment

	2021	2020
	\$	\$
Current		
Provision for annual leave	438,949	430,238
Provision for long service leave	297,247	280,756
Provision for on costs	62,893	61,540
Provision for TIL and RDO	12,301	11,537
	<u>811,390</u>	<u>784,071</u>
Non-current		
Provisions for long service leave	162,793	137,382
	<u>162,793</u>	<u>137,382</u>

The provision for employee benefits represents annual leave and vested long service leave entitlements accrued.

Accounting Policy

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 Company in respect of services by employees up to reporting date.

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

7. Key management personnel compensation

The aggregate compensation made to members of key management personnel of the Company is set out below:

	2021	2020
	\$	\$
Short-term employee benefits	1,048,005	979,548
Long-term benefits	21,667	42,592
	<u>1,069,672</u>	<u>1,022,140</u>

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

Our Assets and Liabilities

This section (Notes 8 - 16) provides information on the assets and liabilities of the Company

8. Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	5,171	6,251
Cash at bank	4,165,214	2,932,399
	<u>4,170,385</u>	<u>2,938,650</u>

Cash and cash equivalents include \$87,971 (2020: \$305,955) of cash at bank in a demand deposit account which is utilised in the resident welfare program.

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.

9. Trade and other receivables

Current	2021	2020
	\$	\$
Trade receivables	120,263	76,949
Interest receivable	9,836	11,879
Other receivables	163,646	139,555
	<u>293,745</u>	<u>228,383</u>

10. Inventories

Current	2021	2020
At cost:	\$	\$
Stock on hand	41,175	33,552

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

11. Financial assets

	2021	2020
	\$	\$
Current		
Investments in managed funds designated as at FVTPL(i)	6,690,245	-
Held-to-maturity financial assets (ii)	-	7,520,000
	<u>6,690,245</u>	<u>7,520,000</u>

(i) The Company holds investments in TCorp fund, which are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

(ii) The Company holds fixed term deposits that carry interest at fixed rate.

Accounting Policy

Financial assets at fair value through profit and loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (FVTOCI) are measured at FVTPL. Managed funds that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, managed funds that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has designated recorded managed funds as at FVTPL.

12. Other assets

	2021	2020
	\$	\$
Current		
Prepayments	<u>79,905</u>	<u>95,381</u>
Non-current		
Rental bond	<u>139,710</u>	<u>142,710</u>

13. Property, plant and equipment

	2021	2020
	\$	\$
Buildings		
At cost	1,355,978	1,355,978
Accumulated depreciation	<u>(360,023)</u>	<u>(306,662)</u>
	<u>995,955</u>	<u>1,049,316</u>
Plant and equipment		
At cost	1,067,801	911,182
Accumulated depreciation	<u>(704,853)</u>	<u>(568,758)</u>
	<u>362,948</u>	<u>342,424</u>

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

13. Property, plant and equipment (cont.)

	2021	2020
	\$	\$
Motor vehicles		
At cost	422,949	379,205
Accumulated depreciation	(284,496)	(247,861)
	<u>138,453</u>	<u>131,344</u>
Leasehold improvements		
At cost	4,903,036	4,525,108
Accumulated depreciation	(3,767,285)	(3,527,532)
	<u>1,135,751</u>	<u>997,576</u>
Total property, plant & equipment	<u><u>2,633,107</u></u>	<u><u>2,520,660</u></u>

(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
	\$	\$	\$	\$	\$
2021					
Balance at 30 June 2020	1,049,316	342,424	131,344	997,576	2,520,660
Additions	-	157,796	64,147	377,929	599,872
Disposals	-	(847)	(4,329)	-	(5,176)
Depreciation and amortisation expense	(53,361)	(136,425)	(52,709)	(239,754)	(482,249)
Balance at 30 June 2021	<u>995,955</u>	<u>362,948</u>	<u>138,453</u>	<u>1,135,751</u>	<u>2,633,107</u>
2020					
Balance at 30 June 2019	1,105,231	340,704	108,202	1,320,195	2,874,332
Additions	-	119,725	113,117	22,150	254,992
Disposals	-	(1,147)	(23,459)	(8,486)	(33,092)
Depreciation and amortisation expense	(55,915)	(116,858)	(66,516)	(336,283)	(575,572)
Balance at 30 June 2020	<u>1,049,316</u>	<u>342,424</u>	<u>131,344</u>	<u>997,576</u>	<u>2,520,660</u>

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

13. Property, plant and equipment (cont.)

Accounting Policy

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.

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	Over the lease term
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.

14. Investment property

	Note	2021 \$	2020 \$
At cost		940,068	940,068
		<u>940,068</u>	<u>940,068</u>

(a) Movements in carrying amounts

Movement in the carrying amounts for investment property between the beginning and the end of the current financial year:

	Investment property \$	Total \$
2021		
Balance at 30 June 2020	940,068	940,068
Balance at 30 June 2021	<u>940,068</u>	<u>940,068</u>

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

14. Investment property (cont.)

Accounting Policy

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. The Company's property interest is held under operating leases to earn rentals or for capital appreciation purposes and accounted for as investment property and measured using the cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

15. Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	523,618	192,510
Sundry payables and accrued expenses	462,252	768,726
Residents' welfare accounts	151,016	301,229
	<u>1,136,886</u>	<u>1,262,465</u>

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

16. Right-of-Use assets and Lease Liabilities

The main leasing activities of the Company are attributable to the Company's offices used in provision of commercial office space.

The following table explains the changes in right-of-use assets during the year ended 30 June 2021:

	2021	2020
	\$	\$
<i>(a) Right-of-use assets</i>		
Cost or valuation		
Balance as at 1 July 2020	1,158,948	1,485,792
Additions	-	54,790
Depreciation expense	(406,746)	(381,634)
Balance as at 30 June 2021	<u>752,202</u>	<u>1,158,948</u>

	2021	2020
	\$	\$
<i>(b) Right-of-use assets 2021</i>		
Non-current	752,202	1,158,948
Balance as at 30 June 2021	<u>752,202</u>	<u>1,158,948</u>

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

16. Right-of-Use Assets and Lease liabilities (cont.)

The following table explains the changes in current and non-current lease liabilities during the year ended 30 June 2021:

	2021	2020
	\$	\$
<i>(c) Lease liabilities</i>		
Balance as at 1 July 2020	1,315,254	1,597,992
Additions	-	54,790
Interest	51,447	67,664
Repayments	(476,364)	(405,192)
Balance as at 30 June 2021	890,337	1,315,254
	2021	2020
	\$	\$
<i>(d) Lease liabilities 2021</i>		
Current	460,139	424,916
Non-current	430,198	890,338
Balance as at 30 June 2021	890,337	1,315,254

The weighted average incremental borrowing rate applied to the lease liabilities as at 30 June 2021 was 4.75% (2020: 4.75%)

Concessionary leases

The Company leases a land and buildings from the State Government with significantly below-market terms and conditions principally to enable it to further its objectives.

The Company is dependent on these leases to further its objectives as it utilises the land and buildings to run its operations to deliver its services. The Company is restricted on the use of the land and buildings as agreed with the State Government and may not utilise it for other purposes including sub-leasing to other entities. The lease term is for 10 years and the lease payments are \$1- \$500 per annum, payable annually. The Company has elected to measure this lease at cost.

Accounting Policy

At inception, the Company assesses whether the contract is or contains a lease. Leases are recognised as right-of-use assets and lease liabilities at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities include the net present value of the following lease payments (when applicable):

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- Exercise price of purchase options if the Company is reasonably certain to exercise that option; and
- Penalties for early termination of a lease, except if the Company is reasonably certain not to terminate early.

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

16. Right-of-Use Assets and Lease liabilities (cont.)

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is remeasured, and a corresponding adjustment is made to the carrying amount of the right-of-use assets, when there is a change in future lease payments arising from a change in an index or rate, from a change in the estimation of a residual value guarantee or from a change in the assumption of purchase, extension or termination option. The lease liability is also remeasured when the underlying lease contract is amended.

The Company accounts for each lease component and any associated non-lease components as a single lease component.

The right-of-use asset is initially measured at cost, which includes the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less any incentives received. The right-of-use assets are depreciated on a straight line basis over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. In addition, the right-of-use asset is reduced by impairment losses resulting from impairment tests as described above, if any, and adjusted for certain remeasurements of the lease liability.

Other Disclosures

This section (Notes 17 - 25) provides details of other disclosures relating to the Company to comply with accounting standards and other pronouncements.

17. Financial instruments

Categories of financial instruments

	Note	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	8	4,170,385	2,938,650
Investments in managed funds	11	6,690,245	-
Held-to-maturity investments	11	-	7,520,000
Trade and other receivables	9	293,745	228,383
Total financial assets		11,154,375	10,687,033
Financial liabilities			
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	15	1,136,886	1,262,465
Total financial liabilities		1,136,886	1,262,465

Financial assets and financial liabilities are recognised when the Company is a party to the contractual provisions of the instrument.

Financial assets

Financial assets include cash and cash equivalents, short term bank deposits, and trade, interest and other receivables and are initially measured at cost. Investments in managed funds designated as at FVTPL are measured at fair value at the end of each reporting period. The assets classified as 'held-to-maturity' investments are bank term deposits with maturity terms of more than 3 months but less than 12 months and these are also recorded at cost and are not discounted because they mature in less than 12 months. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

Financial liabilities

Financial liabilities are trade, sundry payables and resident welfare accounts. The Company has no borrowings. All financial liabilities are initially recorded at cost and they are usually settled within normal trade credit terms.

18. Financial risk management

The Company's approach to managing financial risk is guided within the established risk management framework. The key financial risk stems from the nature of its main revenue stream being highly reliant on the continued receipt of government funding to support the programs it provides. The Company manages this risk by reviewing the performance for contracted grant programs, ensuring annual acquittal programs are audited where required and are completed within the required time frames, maintaining conservative levels of cash or investment reserves and investing only with either recognised Australian banks or government recognised fund providers. The Company is not materially exposed to credit risk or market risk.

The Financial, Audit and Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management updates are provided to the Board on a bi-annual basis and annually the board reviews strategic risks and updates its strategic risk appetite in a joint session with the executive management team.

19. Fair value measurement

Except for the investment in debt instrument (Note 11) are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The Company does not have any other financial assets and financial liabilities that are measured at fair value at the end of each reporting period. The investment properties are currently recorded at historical cost and after a review of the purpose and use of these properties in June 2021 the directors will look to obtain an independent assessment of their fair value.

20. 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.

21. Comparative amounts

In the application of the Company's accounting policies 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 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.

Odyssey House NSW

Notes to the financial statements

For the year ended 30 June 2021

22. New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- AASB 1060 *General Purpose Financial Statements* – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities effective for reporting periods beginning on or after 1 July 2021

23. Application of new and revised Australian Accounting Standards mandatorily effective for the current reporting period

In the current year, the Company has adopted all the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. There has been no material impact of these changes on the Company's accounting policies.

24. Events after reporting date

Subsequent to the end of the financial year there have been lockdown measures imposed in New South Wales. Lockdown measures implemented in Greater Sydney from June 2021 to date include restrictions on local government areas of concern that people are only allowed to leave their home for essential reasons.

Since the Company has been designated an essential service by NSW Health, the Company did not have to stop its activities due to mandatory government quarantine measures in an effort to contain the spread of the epidemic and the company continued operations throughout the restriction measures.

The Directors do not consider that the general economic impacts arising from COVID-19 are expected to have a significant impact on the operations of the Company in the short term. Notwithstanding that the duration and severity of COVID-19 is uncertain at the date of signing these financial statements, and the impact on fundraising and donations income is unknown, the directors are not anticipating a material negative effect on forecast grant income and recoverability of the Company's tangible and intangible assets. Accordingly, the economic effects arising from the COVID-19 outbreak are not expected to have a material negative effect on the results of the Company for the full year of 2022.

Except for the matters mentioned above, there are no other matters which have arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

25. Contingent liability

The Company is a voluntary participant in the National Redress Scheme. The Redress Scheme came into effect on 1 July 2018. The company is currently not aware of any claim and whilst it is possible future claims may be made against the Company, the value of any liability is currently unknown.

Independent Auditor's Report to the Members of Odyssey House NSW

Opinion

We have audited the financial report of Odyssey House NSW (the "Entity") which comprises the statement of financial position as at 30 June 2021, the statement of profit or 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 directors' declaration. In addition, we have audited the Entity's compliance with specific requirements of the Charitable Fundraising Act 1991.

- a) 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 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the ACNC Act;
- b) the financial report agrees to the underlying financial records of the Entity, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2021; and
- c) monies received by the Entity as a result of fundraising appeals conducted during the year ended 30 June 2021, have been utilised for, and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

We have obtained all the necessary information required in connection with our audit in respect of the financial year ended 30 June 2021.

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 and Compliance with Specific Requirements of the Charitable Fundraising Act 1991* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report and compliance with specific requirements of the *Charitable Fundraising Act 1991* 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 2021, 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 and for Compliance with the Charitable Fundraising Act 1991

The directors of the Entity are responsible for compliance with the Charitable Fundraising Act 1991 and the preparation of the financial report that gives a true and fair view, and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the Charitable Fundraising Act 1991 and the needs of the directors. Director's responsibility also includes such internal control as 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, and to enable compliance with the Charitable Fundraising Act 1991.

In preparing the financial report, 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 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 and Compliance with Specific Requirements of the Charitable Fundraising Act 1991

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 the Entity complied, in all material respects, with specific requirements of the *Charitable Fundraising Act 1991*, 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 non-compliance with the specific requirements of the *Charitable Fundraising Act 1991* and 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 directors.
- Conclude on the appropriateness of 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.

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in the Entity's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis. Any projection of the evaluation of the compliance procedures to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We communicate with 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, 21 September 2021