Reconnecting lives, reconnecting futures.

2023 Financial Report

ODYSSEY HOUSE
NEW SOUTH WALES

Odyssey House NSW

ABN 49 001 418 257

Annual report for the year ended 30 June 2023

Odyssey House NSW

Contents **Page**

The Directors of Odyssey House NSW (the "Company") submit herewith the annual report of the Company for the financial year ended 30 June 2023.

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 (Retired 28 July 2023)	Director/Chief Executive Officer	MSW, BSc, GAICD
Douglas Bain (Appointed 22 February 2023)	Director	BAcc, CA, RCA
John Roger Dive	Director	Bachelor Legal Studies (Mac)
Michael Proinsias Farrell	Director	MB, BcH BAO, FRCP, FRCPsych, FASSA
Stewart Kinloch Hindmarsh	Director	BEc/LLB (Hons), MBus (Fin)
Valerie Hoogstad (Retired 15 November 2022)	Director	BA, MBA, Dip TESOL
Douglas Stuart Isles (Appointed 9 December 2022)	Director	MA(Cantab) FFA FIAA
Debra Kelliher	Director	MA (Hons), Ed D, GAICD, CIECL
David McGrath	Director	BSc(Psych) (Hons), MBA, Juris Doctor
Debora Picone (Appointed 28 May 2023)	Chair	RGN, Cert. Renal & Transplantation Nursing, BHA (UNSW)
Douglas Norman Snedden (Resigned 15 August 2023)	Chair	BEc
Susanne Margaret Taylor (Resigned 02 May 2023)	Director	MComm, BSc Politics, Govt & ModHist
Garry Ronald Wayling (Retired 15 March 2023)	Director	BCom, ACA, GAICD
Peter Spencer Wiggs (Resigned 18 April 2023)	Director	MBA (Harvard), BEc (Hons, Uni of Sydney)

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.

In financial year 2023, the Company completed the Family Recovery Centre construction project. The facility will accommodate up to 16 families with amenities both for children and the parents. The Company is one of the few rehabilitation centres in Australia that allow men and women to undertake treatment whilst their children (0-12 years) live with them. The Parent's & Children's Program allows parents living with substance use to get the treatment they need, without worrying about finding a carer for their children before they start rehabilitation.

The Company has also acquired several Multicultural funding contracts which were originally held by DAMEC. The contracts broaden the scope of services provided by the Company.

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. The company is undertaking a strategic planning exercise to develop the next multiyear strategic plan from 2024 onwards.

Despite various market 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 continued to complete objectives that were set in the Strategic Plan and decided to focus on the following four large strategic objectives:

1. Diversification of funding through fundraising and other non-government sources.
2. Establishment of the Company as a centre of excellence for parents and children to align with the opening of our new Family Recovery Centre.
3. Development of a workforce strategy and plan.
4. Clarification and leverage our point of difference in the sector by reviewing and updating our models of care and participating in more research projects.

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. Embed a value driven performance culture and establish competency-building system to improve performance, within management and leadership; and
6. 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, 7 meetings of directors were held.

	Directors' meetings	
	Number eligible to attend	Number attended
Julie Babineau	7	6
John Roger Dive	7	5
Michael Proinsias Farrell	7	2
Stewart Kinloch Hindmarsh	7	6
Valerie Hoogstad	4	3
Debra Kelliher	7	6
David McGrath	7	5
Douglas Stuart Isles	3	3
Douglas Norman Snedden	7	6
Susanne Margaret Taylor	6	5
Garry Ronald Wayling	5	4
Peter Spencer Wiggs	5	1
Douglas Bain	3	3
Debora Picone	1	1

Changes in state of affairs

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

Review of operations

During the year, the Company increased grant revenue by $2,309,152. This increase in grant revenue is attributable to the new Multicultural funding contracts acquired as well as to capital grants recognised for the construction of the new Family Recovery Centre accommodation.

Subsequent events

In August 2023, the Company renewed the rental contract of our Redfern site which expired in May 2023. The ROU asset and lease liability component of the lease is included in the financial year 2023 accounts. During this month, Julie Babineau resigned her post as CEO and was replaced by Carmel Tebbutt.

The Company won the tender for a new contract for expanding services to the Muswellbrook region. The contract will provide a grant revenue of $500k per annum over 4 years ($2 million total).

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 $700 (2023: $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: ....
Debora Picone

Dated 20 September 2023

HLB MANN JUDD

Auditor's Independence Declaration

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Odyssey House NSW for the year ended 30 June 2023.

HLB Mann Judd

Sydney, NSW
20 September 2023

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215
Level 5, 10 Shelley Street Sydney NSW 2000 Australia
T: +61 (0)2 9020 4000 E: mailbox@hlbnsw.com.au

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 Australian Accounting Standards – Simplified Disclosures 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 ....
Debora Picone

Dated: 20 September 2023

Odyssey House NSW

Declaration by responsible officer in respect of fundraising appeals

I, Carmel Tebbutt, 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 2023;

(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 2023;

(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 2023; 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: 20 September 2023

....

Carmel Tebbutt (Chief Executive Officer)

Odyssey House NSW
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	2	20,650,952	16,813,209
Investment income / (loss)	2	265,391	(178,336)
Employee benefits expense	5	(11,337,249)	(9,405,487)
Depreciation and amortisation expense	13,16	(1,448,762)	(925,472)
Operating expenses		(5,183,071)	(3,966,914)
Finance costs	16	(52,336)	(30,265)
Profit/(loss) before tax		2,894,925	2,306,735
Income tax expense		-	-
Profit/(loss) for the year		2,894,925	2,306,735
Total comprehensive income for the year		2,894,925	2,306,735

Odyssey House NSW
Statement of financial position
For the year ended 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	2,642,170	5,832,882
Trade and other receivables	9	491,141	754,039
Inventories	10	27,651	31,902
Financial assets	11	7,100,000	6,000,000
Other assets	12	146,647	241,530
Total current assets		10,407,609	12,860,353
Non-current assets			
Other assets	12	194,626	144,310
Right of use asset	16	4,005,024	347,739
Property, plant and equipment	13	6,688,594	4,315,759
Investment property	14	940,068	940,068
Total non-current assets		11,828,312	5,747,876
Total assets		22,235,921	18,608,229
Liabilities			
Current liabilities			
Trade and other payables	15	712,593	1,874,920
Lease liability	16	522,546	430,198
Deferred Income	3	4,984,247	6,913,327
Employee Provisions	6	858,836	810,080
Total current liabilities		7,078,222	10,028,525
Non-current liabilities			
Lease liability	16	3,514,633	-
Employee Provisions	6	153,095	149,658
Make-Good Provisions	17	165,000	-
Total non-current liabilities		3,832,728	149,658
Total liabilities		10,910,950	10,178,183
Net assets		11,324,971	8,430,046
Equity			
Contributed equity		15,000	15,000
Retained earnings		11,309,971	8,415,046
Total equity		11,324,971	8,430,046

Odyssey House NSW
Statement of changes in equity
For the year ended 30 June 2023

2023	Retained earnings $	Total members' funds $	Total $
Balance at 1 July 2022	8,415,046	15,000	8,430,046
Surplus for the year	2,894,925	-	2,894,925
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	2,894,925	-	2,894,925
Balance at 30 June 2023	11,309,971	15,000	11,324,971

2022	Retained earnings $	Total members' funds $	Total $
Balance at 1 July 2021	6,108,311	15,000	6,123,311
Surplus for the year	2,306,735	-	2,306,735
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	2,306,735	-	2,306,735
Balance at 30 June 2022	8,415,046	15,000	8,430,046

Odyssey House NSW
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from operating activities		18,934,454	16,645,817
Payments to suppliers and employees		(17,886,316)	(13,345,637)
Interest received		265,391	6,594
Interest paid on lease liability		(52,336)	(30,265)
Net cash generated by operating activities		1,261,193	3,276,509
Cash flows from investing activities			
Payments for property, plant and equipment		(3,351,905)	(2,119,329)
Proceeds from (payments for) financial assets		(1,100,000)	505,317
Proceeds from sale of PPE		-	-
Payments for investment property			
Net cash from/ (used in) investing activities		(4,451,905)	(1,614,012)
Cash flows from financing activities			
Repayment of lease liabilities		-	-
Repayments of borrowings		-	-
Net cash used by financing activities		-	-
Net increase (decrease) in cash and cash equivalents held		(3,190,712)	1,662,497
Cash and cash equivalents at beginning of year		5,832,882	4,170,385
Cash and cash equivalents at end of financial year	8	2,642,170	5,832,882

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 – Simplified Disclosures 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 September 19, 2023

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

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

Statement of compliance

The company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those standards as modified by AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements of AASB 1060. According, the financial statements comply with Australian Accounting Standards - Simplified Disclosures.

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.

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.

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:

	2023 $	2022 $
Revenue		
Donations	1,404,177	473,394
- Recurring program grants	15,735,106	13,667,259
- Capital grants	1,682,181	1,440,876
Grants	17,417,287	15,108,135
Treatment cost and fees	1,249,073	893,978
Club Grants	154,500	-
Fundraising income	356,534	228,678
	20,581,571	16,704,185
Other operating income		
Other operating income	69,381	109,024
	20,650,952	16,813,209
Investment income		
Interest income		
- Bank deposits	265,391	6,594
Other gain and loss from investment in managed funds designated at Fair value through Profit and Loss (FVTPL)		
- Unit fund returns / (loss)	-	(184,930)
	265,391	(178,336)
The following is an analysis of investment income by category of asset.		
Assets at amortised cost (including cash and bank balances)	265,391	6,594
Investment in managed funds designated at FVTPL	-	(184,930)
Total investment income earned on financial assets	265,391	(178,336)

Capital grants

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

	2023 $	2022 $
Balance as at 30 June 2022	1,652,181	1,593,057
Additional grants received during the year	30,000	1,500,000
Revenue recognised in profit or loss	(1,682,181)	(1,440,876)
Balance as at 30 June 2023	-	1,652,181

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).

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.

No income or expense has been recognised in relation to volunteer services during the year.

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.

Treatment cost and fees

Treatment cost is recognised when the client contributes towards the accommodation and food cost.

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.

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	4,984,247	6,913,327

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

Details of aggregate gross income and total expenses of fundraising appeals

	2023	2022
Gross proceeds from fundraising appeals	**$**	**$**
Fundraising functions	356,534	228,678
Donations for Family Recovery	1,029,656	71,581
Club Grant fee proceeds	7,725	-
General donations	374,521	401,813
	1,768,436	702,072
Fundraising functions		
Australian Fund Managers Awards (AFMA)	219,506	133,279
Business Women's Lunch	137,029	95,398
	356,535	228,677
Less cost of fundraising functions		
Australian Fund Managers Awards (AFMA)	-	-
Business Women's Lunch	54,654	46,077
Cost of other fundraising appeals	276,619	200,862
Total cost of fundraising appeals	331,273	246,939
Net surplus obtained from fundraising appeals	**1,437,163**	**455,133**

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 and Business Women’s Lunch. The Company and the Sydney Children's Hospital Foundation are joint beneficiaries of the Australian Fund Managers Awards. Club Grant fee proceeds of $7,725 represents a retention component to support marketing and other cost out of the total Club grant received of $154,500 (See Note 2)

	2023	2022
	$	**$**
Statement showing how funds received were applied for charitable purposes		
Net surplus obtained from fundraising appeals	1,437,163	455,133
This is applied to the charitable purposes in the following manner:		
To supplement Government assistance in funding the Company's programs	1,437,163	455,133

	2023		2022	
	$	**%**	**$**	**%**
Comparison by monetary figures and percentages				
Total cost of fundraising/ gross income from fundraising	331,273/1,768,436	**19**	246,939/702,072	**49**
Net surplus from fundraising / gross income from fundraising	1,437,163/1,768,436	**81**	455,133/702,072	**51**

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	2023 $	2022 $
Salaries, wages and on costs	10,318,206	8,592,731
Superannuation contributions	1,019,042	812,756
	11,337,248	9,405,487

6. Provisions - employment	2023 $	2022 $
Current		
Provision for annual leave	495,733	452,851
Provisions for long service leave	274,713	285,919
Provisions for on costs -annual leave	82,207	66,150
Provision for TIL and RDO	6,183	5,160
	858,836	810,080
Non-current		
Provisions for long service leave	153,095	149,658
	153,095	149,658

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, and long service 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.

7. Key management personnel compensation

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

	2023 $	2022 $
Total key management compensation	1,045,001	1,171,027
	1,045,001	1,171,027

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

There were no other transactions with related parties during the year and no amounts were owed to/by related parties at year end.

Our Assets and Liabilities

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

8. Cash and cash equivalents

	2023 $	2022 $
Cash on hand	4,300	5,671
Cash at bank	2,637,870	5,827,211
	2,642,170	5,832,882

Cash and cash equivalents include $72,049 (2022: $73,003) 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	2023 $	2022 $
Trade receivables	366,641	688,279
Interest receivable	106,064	9,213
Other receivables	18,436	56,547
	491,141	754,039

10. Inventories

Current	2023 $	2022 $
At cost:		
Stock on hand	27,651	31,902

Odyssey House NSW
Notes to the financial statements
For the year ended 30 June 2023

11. Financial assets	2023 $	2022 $
Current		
Financial assets held at amortised cost (ii)	7,100,000	6,000,000
	7,100,000	6,000,000

The Company holds term deposits that carry interest at fixed rates.

12. Other assets	2023 $	2022 $
Current		
Prepayments	146,647	241,530
Non-current		
Rental bond	194,626	144,310

13. Property, plant and equipment	2023 $	2022 $
Buildings		
At cost	1,415,478	1,415,478
Accumulated depreciation	(462,659)	(411,043)
	952,820	1,004,435
Plant and equipment		
At cost	1,545,872	1,292,200
Accumulated depreciation	(957,458)	(771,546)
	588,414	520,654
Motor vehicles		
At cost	567,110	502,045
Accumulated depreciation	(410,088)	(351,472)
	157,022	150,573
Leasehold improvements		
At cost	8,729,049	5,837,347
Accumulated depreciation	(3,738,711)	(3,197,249)
	4,990,338	2,640,097
Total Property, plant & equipment	6,688,594	4,315,759

13. Property, plant and equipment (cont.)

(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 improvemn ts	Total
	$	$	$	$	$
2023					
Balance as at 30 June 2022	1,004,435	520,654	150,573	2,640,097	4,315,759
Accruals reversal - 30/06/2022	-	(55,844)	-	(59,170)	(115,014)
Accruals - 30/06/2023	-	-	-	2,091	2,091
Additions	-	316,029	85,633	2,950,242	3,351,905
Disposals, net	-	(1,863)	-	(1,447)	(3,310)
Depreciation and amortisation expense	(51,616)	(190,563)	(79,184)	(541,474)	(862,837)
Balance as at 30 June 2023	952,820	588,414	157,022	4,990,338	6,688,594

	Buildings	Plant and equipment	Motor vehicles	Leasehold improvemn ts	Total
	$	$	$	$	$
2022					
Balance as at 30 June 2021	995,955	362,948	138,453	1,135,751	2,633,107
Additions	59,500	268,452	79,096	1,712,281	2,119,329
Accruals	-	55,844	-	59,170	115,014
Disposals, net	-	(761)	-	(29,921)	(30,682)
Depreciation and amortisation expense	(51,020)	(165,829)	(66,976)	(237,184)	(521,009)
Balance as at 30 June 2022	1,004,435	520,654	150,573	2,640,097	4,315,759

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	**2023 $**	**2022 $**
At cost	940,068	940,068
Accumulated depreciation	-	-
	940,068	940,068

(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 $**
2023		
Balance as at 30 June 2022	940,068	940,068
Balance as at 30 June 2023	940,068	940,068

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. The investment property is subsequently measured at fair value. Independent valuations are obtained every few years, with the next independent valuation to be obtained during the year ended 30 June 2024.

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.

15. Trade and other payables

	2023	2022
	$	$
Current		
Trade payables	464,686	1,381,759
Sundry payables and accrued expenses	174,208	390,515
Residents welfare accounts	73,699	102,646
	712,593	1,874,920

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 (ROU) 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 2023

(a) Right of Use Assets	2023	2022
	$	$
Cost or valuation		
Balance as at 1 July 2022	347,739	752,202
Additions	4,243,211	-
Depreciation expense	(585,925)	(404,463)
Balance as at 30 June 2023	4,005,025	347,739

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 2023

(c) Lease Liabilities

Cost or valuation		
Balance as at 1 July 2022	430,198	890,338
Additions	4,243,211	-
Interest	52,336	30,265
Repayments	(688,566)	(490,405)
Balance as at 30 June 2023	4,037,179	430,198

(d) Lease Liabilities 2023	**2023**	**2022**
	$	**$**
Current	522,546	430,198
Non-current	3,514,633	-
Balance as at 30 June 2023	4,037,179	430,198

The weighted average incremental borrowing rate applied to the lease liabilities as at 30 June 2023 was 6.31% (2022: 4.75%)

Future minimum lease payments	**2023**	**2022**
	$	**$**
Not later than one year	760,091	430,198
Later than one year and not later than five years	2,523,684	-
Later than five years	1,804,327	-

Concessionary leases

The Company leases 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.

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 - 23) provides details of other disclosures relating to the Company to comply with accounting standards and other pronouncements.

17. Make-Good Provision

The Company is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. The costs have been capitalised as part of the term of the lease and depreciated over the lease term, including any options expected to be exercised.

(a) Make-Good Provision 2023	**2023**	**2022**
	$	**$**
Current	-	-
Non-current	165,000	-
Balance as at 30 June 2023	165,000	-

18. Financial Instruments

Categories of financial instruments

	Note	**2023 $**	**2022 $**
Financial assets			
Cash and cash equivalents	8	2,642,170	5,832,882
Investments held at amortised cost	11	7,100,000	6,000,000
Trade and other receivables	9	491,141	754,039
Total financial assets		10,233,311	12,586,921

Financial liabilities		**2023 $**	**2022 $**
Financial liabilities at amortised cost			
Trade and other payables	15	712,593	1,874,920
Total financial liabilities		712,593	1,874,920

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. The assets classified as ‘investments at amortised cost 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.

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.

19. 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 Finance, 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.

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.

22. Events after reporting date

In August 2023, the Company renewed the rental contract of our Redfern site which expired in May 2023. The ROU asset and lease liability component of the lease is included in the financial year 2023 accounts. During this month, Julie Babineau resigned her post as CEO and was replaced by Carmel Tebbutt.

The Company won the tender for a new contract for expanding services to the Muswellbrook region. The contract will provide a grant revenue of $500k per annum over 4 years ($2 million total).

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.

23. 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 addressing redress claims. The value of any liability is currently unknown.

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Odyssey House NSW ("the company") which comprises the statement of financial position as at 30 June 2023, 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 the directors' declaration.

In our opinion, the accompanying financial report of the company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act 1991 (NSW)*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Simplified Disclosures, Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*, and the *Charitable Fundraising Regulation 2021 (NSW).*

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 company in accordance with the auditor independence 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2023, 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 accordingly 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 are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act 1991 (NSW)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

hlb.com.au

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215
Level 5, 10 Shelley Street Sydney NSW 2000 Australia
T: +61 (0)2 9020 4000 **E:** mailbox@hlbnsw.com.au

In preparing the financial report, the directors are responsible for assessing the company's ability 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 company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

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 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 company'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 company'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 company 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.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

A G Smith
Director

Sydney, NSW
20 September 2023