ST JOHN OF GOD OUTREACH SERVICES
(ABN 36 064 831 965)

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

ST JOHN OF GOD OUTREACH SERVICES
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FOR THE YEAR ENDED 30 JUNE 2023

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ST JOHN OF GOD OUTREACH SERVICES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The directors of St John of God Outreach Services (the 'Company') present their report on the Company for the year ended 30 June 2023.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr S Goldsworthy	(Resigned: 12 October 2022)
Ms L Johnstone	
Dr S Kelly	(Resigned: 9 December 2022)
Ms L Evans	(Resigned: 15 December 2022)
Mr B Pyne	(Appointed: 10 December 2022)
Ms T Peters	(Appointed: 30 September 2022)
Mr M Crevola	(Appointed: 30 September 2022, Resigned: 17 February 2023)
Mr C Young	(Appointed: 26 June 2023)

Company Secretary

The Company secretary from 1 July 2022 to 30 June 2023 was Ms L Johnstone.

Dividends

The Company's Constitution prevents the declaration or payment of dividends. The Company does not have any options on issue, nor does it have any unissued shares.

Principal activities

The Company provides disability services by way of supported independent living, day programs, individualised support and employment services throughout Victoria. Where gaps have been identified in service provisions, the Company provides Mental Health and Capacity Building services, along with homeless services to people who are experiencing disadvantage.

Significant events after the balance date

No matter or circumstance has arisen since the date of this report that has significantly affected the Company's activities, results or state of affairs.

Environmental regulation and performance

While the Company is not subject to any significant environmental regulation under either the Commonwealth or State legislation the Parent Entity provides annual compliance reporting under the National Greenhouse and Energy Reporting Act.

Indemnification and insurance of directors and officers

Indemnity
In accordance with the Company's Constitution the Company has indemnified every past and present officer of the Company against all liability to another person or company as an officer of the Company unless the liability arises out of conduct involving a lack of good faith.

Insurance
St John of God Health Care Inc (the Parent Entity) holds an insurance policy under which the insurer has agreed to indemnify the Company's directors and officers against personal liabilities from wrongful acts committed by those directors or officers in connection with their duties and responsibilities. Wrongful acts include breaches of trust, neglect, error, or misstatement. The insurer will reimburse all expenses incurred in defending these actions. The terms of the policy require the Company to keep details of the premium confidential.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

This report is made in accordance with a resolution of the directors.

Mr B Pyne
Director

9 October 2023

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Auditor's independence declaration to the directors of St John of God Outreach Services

In relation to our audit of the financial report of St John of God Outreach Services for the financial year ended 30 June 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and

b. No non-audit services provided that contravene any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Timothy G Dachs
Partner
9 October 2023

ST JOHN OF GOD OUTREACH SERVICES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Revenue			
Revenue from ordinary activities	4	51,704,559	45,941,001
Service fee	10	18,212,518	17,792,920
Donations income		527,075	496,016
Grants	4	3,705,506	3,823,758
		74,149,658	**68,053,695**
Expenses			
Employment costs		(62,167,155)	(57,599,817)
Other operating expenses		(8,259,447)	(6,849,875)
Rental expenses		(301,772)	(485,002)
Depreciation and amortisation	8, 9, 14	(3,233,420)	(3,039,150)
		(73,961,794)	**(67,973,844)**
Finance costs		(229,977)	(80,801)
Finance income		42,113	950
Surplus for the year		**-**	**-**
Other comprehensive income		-	-
Total comprehensive income for the year		**-**	**-**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ST JOHN OF GOD OUTREACH SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 $	2022 $
Current assets			
Cash and cash equivalents	5	3,745,285	999,743
Trade and other receivables	6	5,130,246	8,723,280
Prepayments		335,412	349,840
Other current financial assets	7	158,804	137,282
Total current assets		9,369,747	10,210,145
Non-current assets			
Property, plant and equipment	8	16,656,549	11,871,939
Intangible assets	9	155,208	369,710
Right-of-use assets	14	4,574,613	4,193,901
Total non-current assets		21,386,370	16,435,550
Total assets		**30,756,117**	**26,645,695**
Current liabilities			
Amounts payable to related entities	10	5,103,834	3,760,318
Trade and other payables	11	5,171,208	4,145,142
Employee benefit liabilities	12	6,815,646	6,770,180
Funding received in advance	13	8,251,603	6,852,020
Lease liabilities	14	1,678,278	1,430,883
Total current liabilities		27,020,569	22,958,543
Non-current liabilities			
Employee benefit liabilities	12	683,929	709,480
Lease liabilities	14	3,051,619	2,977,672
Total non current liabilities		3,735,548	3,687,152
Total liabilities		**30,756,117**	**26,645,695**
Net assets		**-**	**-**
Equity			
Accumulated surplus		-	-
Total equity		**-**	**-**

The above statement of financial position should be read in conjunction with the accompanying notes.

ST JOHN OF GOD OUTREACH SERVICES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated surplus $	Total $
As at 1 July 2021	-	-
Net surplus for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
As at 30 June 2022	**-**	**-**

	Accumulated surplus $	Total $
30 June 2022	-	-
Net surplus for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
30 June 2023	**-**	**-**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ST JOHN OF GOD OUTREACH SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Operating activities			
Receipts from government grants, patients and other customers		77,215,618	62,408,016
Donations received		551,585	591,961
Payments to employees, related parties and suppliers		(68,812,049)	(62,786,529)
Interest received		42,113	950
Interest paid		-	(375)
Net cash flows from operating activities		**8,997,267**	**214,023**
Investing activities			
Purchase of property, plant and equipment	8	(6,119,351)	(5,414,679)
Proceeds from sale of property, plant and equipment		(59,006)	-
Proceeds from maturity of term deposits		-	295,897
Release of security deposit		(21,522)	(58,108)
Net cash flows used in investing activities		**(6,199,879)**	**(5,176,890)**
Financing activities			
Amounts loaned from (repayments to) related parties		1,343,516	4,718,750
Payment of lease liabilities		(1,395,362)	(739,583)
Net cash flows (used in)/from financing activities		**(51,846)**	**3,979,167**
Net increase (decrease) in cash and cash equivalents		2,745,542	(983,700)
Cash and cash equivalents at 1 July		999,743	1,983,443
Cash and cash equivalents at 30 June	5	**3,745,285**	**999,743**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Corporate information

St John of God Outreach Services (the 'Company') is a not for profit company limited by guarantee, incorporated and domiciled in Australia and is a 100% owned and controlled subsidiary of St John of God Health Care Inc (the Parent Entity). Its registered office and principal place of business are:

Registered office
Level 1
556 Wellington Street
Perth WA 6000

Principal place of business: Accord
108-130 Diamond Creek Road
Greensborough VIC 3088

Principal place of business: Social Outreach
Level 1
556 Wellington Street
Perth WA 6000

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Accounting Standards - Simplified Disclosures*.

The Company is a not-for-profit private sector entity which is not publicly accountable. The directors of the Company have determined that the Company is permitted to apply Tier 2 reporting requirements as set out in *AASB 1053 Application of Tiers of Australian Accounting Standards*.

The financial report has been prepared on an historical cost basis.

The financial report is presented in Australian dollars which is the Company's functional and presentation currency.

Going Concern
At 30 June 2023, the Company has a net current asset deficit of $17,650,822 (2022: $12,748,398) and cash and cash equivalents of $3,745,285 (2022: $999,743).

The Company relies on the on-going financial support from the Parent Entity.

2.2 Changes in accounting policies and disclosures

There are a number of Australian Accounting Standards and Interpretations that apply for the first time in 2023, but they do not have an impact on the Company’s financial statements.

A number of Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective. The impact of these new or amended accounting Standards is not expected to give rise to material changes in the company’s financial statements.

2.3 Summary of significant accounting policies

a) Revenue recognition

The Company recognises revenue under AASB 15 or AASB 1058 when appropriate. In cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

In other cases, AASB 1058 applies when a Not-for-Profit entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives and the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately. The Company recognises revenue from the following major sources:

Client fees

Revenue is recognised when the service is rendered.

Government subsidies/grants

If conditions are attached to a grant or subsidy which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant or subsidy as revenue is deferred until those conditions are satisfied.

Donation revenue

Revenue from donations is recognised when the Company can demonstrate that the specific performance obligation attached to the donation has been fulfilled. All charitable collections received have been, or are held to be, used for charitable purposes within the meaning of the Charitable Collections Act (1946).

Interest received

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

Service fees

Service fee revenue is recognised when services are rendered to St John of God Health Care Inc. for their Social Outreach Programme.

b) Funding received in advance

The liability for funding received in advance is the unutilised amounts of funding received or set aside on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the funding. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

c) Taxes

Current income tax

No provision has been made for income tax as the income of the Company is exempt from income tax under section 50-30 of the Income Tax Assessment Act 1997 as amended.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

d) Property, plant and equipment

Property, plant and other equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Property, plant and other equipment are subsequently measured using the cost model, less subsequent depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant and equipment	3 to 10 years
Buildings and property improvements	up to 40 years
Motor vehicles	3 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, and decommissioning obligations, if any less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property — 3 to 8 years
- Motor vehicles — 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Lease incentives granted are recognised as an integral part of the total rental income.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Any gain or loss arising upon derecognition of an intangible asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

g) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the original transaction price. Refer to the accounting policies in section (a) Revenue from contracts with customers.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 6.

Financial assets designated through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *AASB 132 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company evaluates whether the ability and intention to sell its financial instruments designated through OCI in the near term is still appropriate.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables including contract assets Note 6

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Wages, salaries and accumulating annual leave

Liabilities for wages and salaries, including non-monetary benefits and accumulated annual leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

The obligations are presented as current liabilities in the balance sheet if the Company does not have the unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Short term incentive plan

Short term incentive plans to be settled within twelve months of the reporting date are recognised as a liability.

Short term incentive plans expected to be settled after twelve months are recognised as non-current liabilities. Consideration is given to the experience of employee departures and periods of service.

The quantum of the liabilities are measured based on the requirements of the remuneration policy that has been approved by the Directors.

3. Significant accounting judgements, estimates and assumptions

In applying the Company's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from judgements, estimates and assumptions.

Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Annual leave

Liabilities for annual leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the maturity rates for 5, 7 and 10 years of Corporate bonds and inflated using a long term rate.

4. Revenue

	2023 $	2022 $
Revenue from ordinary activities		
Services income	4,908,178	5,737,547
Rental income	385,492	361,315
Other sundry revenue	5,989,062	2,646,394
Client fees and reimbursements	799,625	921,719
DHHS revenue	6,150	88,472
NDIS revenue	39,616,052	36,185,554
	51,704,559	**45,941,001**
Grants		
Grants	3,705,506	3,823,758
	3,705,506	**3,823,758**

All revenue is derived in Australia and the timing of revenue recognition is as follows:

- Services income, client fees and reimbursements, other sundry revenue, DHHS revenue and NDIS revenue is recognised over time when the service is rendered.
- Grants are recognised over time when conditions attached to the grant are satisfied.

5. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	2,391,261	-
Restricted cash	1,354,024	999,743
	3,745,285	**999,743**

Restricted cash is grant and gift fund monies tied to specific expenditure.

6. Trade and other receivables

	2023 $	2022 $
Trade receivables	4,613,806	8,900,200
Other receivables	637,512	-
	5,251,318	**8,900,200**
Provision for expected credit losses	(121,072)	(176,920)
	5,130,246	**8,723,280**

Trade receivables are non-interest bearing and are generally on terms of 14 to 30 days, and are recognised and carried at original invoice amount, less an allowance for any uncollectible amounts and expected credit losses.

Other receivables are non-interest bearing and have repayment terms between 14 and 30 days.

The movement in the provision for expected credit losses is shown below:

	Total $
1 July 2021	**264,051**
Charge for the year	143
Utilised	(87,274)
30 June 2022	**176,920**
As at 1 July 2022	**176,920**
Charge for the year	(55,848)
As at 30 June 2023	**121,072**

7. Other current financial assets

	2023 $	2022 $
Security deposits	158,804	137,282
	158,804	**137,282**

Security deposits are non-interest bearing.

8. Property, plant and equipment

	Buildings $	Leasehold improvements $	Plant and machinery $	Work in progress $	Total $
30 June 2022					
Carrying value at the beginning of the year	1,573,212	706,018	3,475,108	2,322,527	8,076,865
Additions	-	-	30,798	5,383,881	5,414,679
Disposals	-	-	(195,325)	-	(195,325)
Transfer	1,323,699	409,750	646,830	(2,597,831)	(217,552)
Depreciation charge for the year	(76,835)	(163,500)	(966,393)	-	(1,206,728)
Carrying value at the end of the year	**2,820,076**	**952,268**	**2,991,018**	**5,108,577**	**11,871,939**

30 June 2022					
Cost	3,333,325	2,007,575	6,675,869	5,108,577	17,125,346
Accumulated depreciation	(513,249)	(1,055,307)	(3,684,851)	-	(5,253,407)
Carrying value	**2,820,076**	**952,268**	**2,991,018**	**5,108,577**	**11,871,939**

	Buildings $	Leasehold improvements $	Plant and machinery $	Work in progress $	Total $
30 June 2023					
Carrying value at the beginning of the year	2,820,076	952,268	2,991,018	5,108,577	11,871,939
Additions	-	-	-	6,119,351	6,119,351
Disposals	-	(66,322)	(38,406)	-	(104,728)
Transfer	12,980	1,080,331	1,137,443	(2,230,754)	-
Depreciation charge for the year	(98,048)	(255,292)	(876,673)	-	(1,230,013)
Carrying value at the end of the year	**2,735,008**	**1,710,985**	**3,213,382**	**8,997,174**	**16,656,549**

30 June 2023					
Cost	3,346,305	2,919,754	6,239,668	8,997,174	21,502,901
Accumulated depreciation	(611,297)	(1,208,769)	(3,026,286)	-	(4,846,352)
Carrying value	**2,735,008**	**1,710,985**	**3,213,382**	**8,997,174**	**16,656,549**

9. Intangible assets

	Software	Total
	$	$
30 June 2022		
Carrying value at the beginning of the year	443,049	443,049
Additions	217,552	217,552
Amortisation charge for the year	(290,891)	(290,891)
Carrying value at the end of the year	**369,710**	**369,710**
30 June 2022		
Cost	1,155,897	1,155,897
Accumulated amortisation	(786,187)	(786,187)
Carrying value	**369,710**	**369,710**

	Software	Total
	$	$
30 June 2023		
Carrying value at the beginning of the year	369,710	369,710
Amortisation charge for the year	(214,502)	(214,502)
Carrying value at the end of the year	**155,208**	**155,208**
30 June 2023		
Cost	369,710	369,710
Accumulated amortisation	(214,502)	(214,502)
Carrying value	**155,208**	**155,208**

10. Related parties

	2023	2022
	$	$
Amounts due to related entities		
St John of God Health Care Inc	4,874,489	3,485,927
Marillac Limited	229,345	274,391
	5,103,834	**3,760,318**

The amounts due are to the Parent entity, St John of God Health Care Inc, and other entities wholly controlled by St John of God Health Care Inc. Amounts owing to Marillac Limited represent funds received on their behalf. All amounts are interest free, unsecured and are repayable within 12 months.

Service fee charged to related parties

The Company derives a fee from the Parent entity for the provision of social outreach and community responsibility services, which is based on the annual services provided and approved by the St John of God Health Care Inc. Board. St John of God Health Care Inc. also pays employees, trade and other creditors on behalf of the Company. This is represented by the service fee in the statement of profit or loss and other comprehensive income.

10. Related parties (continued)

	2023 $	2022 $
Compensation of Key Management Personnel		
Short term benefits	1,030,789	661,480
Long term benefits	-	6,757
	1,030,789	**668,237**

11. Trade and other payables

	2023 $	2022 $
Other payables	5,171,208	4,145,142
	5,171,208	**4,145,142**

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 day terms.

12. Employee benefit liabilities

	Annual leave $	Long service leave $	Total $
2023			
Current	3,822,739	2,992,907	6,815,646
Non-current	-	683,929	683,929
	3,822,739	**3,676,836**	**7,499,575**
2022			
Current	3,708,855	3,061,325	6,770,180
Non-current	-	709,480	709,480
	3,708,855	**3,770,805**	**7,479,660**

13. Funding received in advance

	2023 $	2022 $
Funding received in advance	5,547,067	4,327,370
Deferred revenue - gifts and donations	2,704,536	2,524,650
	8,251,603	**6,852,020**

The majority of funding received in advance is in the form of grant funding and includes grants to which conditions of use of the funds may be attached. The Company receives funding in advance from the National Disability Insurance Scheme (NDIS) and the Department of Health and Social Services (DHSS). This funding is acquitted within 12 months.

Deferred revenue represents funds from special purpose gifts and donations, where the related performance obligation is not yet fulfilled.

14. Leases

Company as a lessee

The Company has lease contracts for various items of equipment, vehicles and certain facilities used in its operations. Leases generally have lease terms between 1 and 8 years and may contain escalation clauses.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property $	Equipment $	Motor vehicles $	Total $
As at 1 July 2022	**2,366,544**	**2,054**	**1,825,303**	**4,193,901**
Additions	2,134,225	942	756,976	2,892,143
Depreciation expense	(1,250,083)	(1,352)	(537,470)	(1,788,905)
Amendments and modifications to existing contracts	(376,199)	(750)	(345,577)	(722,526)
As at 30 June 2023	**2,874,487**	**894**	**1,699,232**	**4,574,613**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023 $	2022 $
As at 1 July	**4,408,555**	**2,365,501**
Additions	2,892,142	3,378,641
Amendments and modifications to existing contracts	(1,405,415)	(676,430)
Accretion of interest	229,977	80,426
Payments	(1,395,362)	(739,583)
As at 30 June	**4,729,897**	**4,408,555**
Current	1,678,278	1,430,883
Non-current	3,051,619	2,977,672

The maturity analysis of lease payments as at 30 June are as follows:

	2023 $	2022 $
Within one year	1,780,370	1,458,988
After one year but not more than five years	3,290,074	3,182,309
More than five years	98,800	81,806
	5,169,244	**4,723,103**

Payments associated with short-term leases of property, equipment and motor vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Lease payments for short-term leases amounting to $139,155 for the year ended 30 June 2023 (2022: $350,757) are recognised as other operating expenses in statement of profit or loss.

15. Commitments and contingencies

Lease Commitments

The Company has various lease contracts that have not yet commenced as at 30 June 2023. The future lease payments for these non-cancellable lease contracts are $11,159 within one year and $32,203 within 5 years.

Refer to note 14 for all the other Lease commitments.

Capital Commitments

At 30 June 2023 the Company has commitments of $2,173,859 (2022: $8,021,908). Commitments for property, plant and equipment contracted for at reporting date but not recognised as liabilities are as follows:

	2023 $	2022 $
Within one year	2,173,859	4,796,539
After one year but not more than five years	-	3,225,369
	2,173,859	**8,021,908**

16. Auditor's remuneration

The auditor of St John of God Outreach Services is Ernst & Young. The audit fees are borne by the parent entity, St John of God Health Care Inc.

17. Subsequent events

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

INTERNATIONAL ACTIVITIES STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

The following financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID website at www.acfid.asn.au

	2023 $	2022 $
Revenue		
Donations and gifts	-	-
- Monetary	484,634	519,391
- Non-monetary	-	-
Bequests and legacies	-	-
Grants	-	-
- Department of Foreign Affairs and Trade	-	181,478
- Other Australian	92,310	-
- Other overseas	-	-
Commercial activities income	-	-
Investment income	-	-
Other income	-	64,247
Revenue for international political or religious adherence promotion programs	-	-
Total Revenue	**576,944**	**765,116**
Total International Aid and Development Programs Expenditure		
International Programs	-	-
- Funds to international programs	-	-
- Program support costs	1,961,383	1,642,337
Community education	-	-
Fundraising costs	-	-
- Public	-	-
- Government, multilateral and private	-	-
Accountability and administration	136,671	418,139
Non-monetary expenditure	-	-
Total Expenditure	**2,098,054**	**2,060,476**
(Deficit)	**(1,521,110)**	**(1,295,360)**
Other comprehensive income	-	-
Total Comprehensive Income	**(1,521,110)**	**(1,295,360)**

This activities statement represents financial information that is extracted specifically for the operations of the International programs as required by the ACFID Code of Conduct.

ST JOHN OF GOD OUTREACH SERVICES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

In accordance with a resolution of the directors of St John of God Outreach Services;

1. In the opinion of the directors:

   (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ACFID Code of Conduct, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

      (ii) complying with *Australian Accounting Standards - Simplified Disclosures* and complying with the *Australian Charities and Not-for-profits Commission Regulation 2022*; and;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mr B Pyne
Director
9 October 2023

Ernst & Young
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Independent auditor's report to the members of St John of God Outreach Services

Opinion

We have audited the financial report of St John of God Outreach Services (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. Giving a true and fair view of the financial position of the Company as at 30 June 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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 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 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 is the directors' report accompanying the financial report.

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.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.

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- 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.

Ernst & Young

Ernst & Young

Timothy G Dachs
Partner
Perth
9 October 2023