

Annual Report 2018-19

REAL CONNECTIONS



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Our Mission.

To quietly work in partnership with individuals, families and the community in enabling persons who live with a disability to engage positively within their communities and supporting them to exercise their own life choices and aspirations.

Our Vision.

Genuine connections that help our clients achieve their best life possible.



Chair of the Board



Yvonne Todd

It is my pleasure to be able to present my report on the Board activity and HCO financial position to you.

I have been honoured to be the Chair of the HCO Board of Directors since 2015 and in that time, I have seen an increase in Board responsibility, expertise and professionalism that now provides HCO with strong leadership and very successful outcomes for our clients and staff.

**values and practices
that achieve the goals
of the Organisation**

The Board of Directors of HCO is vested with the full powers of the organization and therefore is responsible for ultimate decision making and carries the accountability for the directions, performance and financial viability of the organization, in accord with relevant legislation and the HCO Constitution. The HCO Board is committed to accountability to clients and families and governance through setting strategic directions, reviewing and monitoring performance and maintaining broad policies, values and practices that achieve the goals of the Organisation. The Board diligently monitors the integrity of the organisational processes, systems and financial management to ensure that at all times the organisation maintains and upholds the best quality service and resourcing for clients.

This year the Board has held 11 Board meetings, 10 finance meetings, 2 strategic planning days as well as a range of other less formal meetings. Board site/home visits have become a regular activity which gives the Board insight into our service delivery, issues for clients and conditions within the houses. The deputy Chair and I also joined quarterly meetings at Centennial Court with staff and relatives of our clients to better understand the quality of the service HCO provides and the complexity of issues.

The Board of Directors changed this year with the resignation of Ms Karen Hockley due to work commitments. A sincere thank you to Ms Hockley for her time on the Board and her support. I welcome three new Directors, Mr Graham Rix (December 2018), Mr Mark Cuggy (March 2019) and Lisa Hannant (October 2019).

innovative and high-quality services which are inclusive, respectful and demonstrate dignity and diversity

This year has been a robust year of settling down and consolidation for HCO, as we experienced the full implementation of the NDIS arrangements and observed the impact on our clients, services and staff. Most clients have increased funding under NDIS which is providing a positive outcome for them and they now can exercise improved choices and control over their supports and services. In line with our Objectives and Values, Brand Architecture and Strategic Directions 2018-2021, HCO continues to maintain a primary focus of working side by side with individuals, their families and the community to assist them to exercise choice and control over their supports and services. HCO always provides innovative and high-quality services which are inclusive, respectful and demonstrate dignity and diversity.

The HCO Brand Architecture and Strategic Directions 2018-2021 have provided clear direction to the Board decision making. Both documents provide ongoing practical guidance as we review and analyse organisational outcomes against the strategies and directions. The Strategic Directions are reviewed regularly, and a growth strategy has been developed that is innovative and achievable but will not dilute the service we provide. Currently there are three strategic drivers; service delivery and quality, workforce capability, and sustainability. Reports to the Board use the strategic drivers and assure the Board that organisational performance is above expectations.

The Board is pleased to report a positive end of year financial result evidenced in the attached financial reports. The positive result was driven by an increase in revenue from government sources for most clients, that more closely matches the cost of service delivery. The steady growth in income over the year is the result of a diligent Board, and the commitment and leadership focus of the CEO, Ms Sue Horsnell. HCO has strong financial direction and policies that deliver continuous improvement in services and organisational management. The Board will continue to closely monitor the financial forecast modelling to ensure that a positive trend continues in 2019-20.

In the coming year there will be challenges for the Board of Directors to manage including maintaining our market share and sustainability, growth and acquisition of a new office, increasing staff numbers, the Royal Commission into Disability Services, and HCO accreditation for NDIS. I am confident that the Board of Directors with the CEO, Ms Sue Horsnell are completely prepared for any challenges.

In closing, I would like to acknowledge the commitment of the Directors, CEO and staff and sincerely thank them for their important contribution to HCO, the Board and myself. With their ongoing involvement, ideas and support the organisation will continue to celebrate success and to be a high-quality service provider of choice that is known locally, trusted and respected.



Chief Executive Officer



Sue Horsnell

I am pleased to present the HCO 2018/19 Annual Report. It is a reflection of the positive work we do in supporting people with disabilities live their best life possible across the Adelaide Hills and Western Adelaide.

The past 12 months has seen the transition of all our clients across to the National Disability Insurance Scheme. The transition has at times been difficult for some participants, their families and providers. HCO has contributed significant resources to assisting the community to transition and also contributing to disability sector activities to try and assist the Government in resolving the many systems issues. On the positive, many of our clients are taking more control over their supports and services and we are proud to support them in this new world of choice and control.

After a 12 month journey in February we launched our new logo and brand. We are very proud of our new contemporary look and revised vision and mission. We have built a new website and have developed a range of new information brochures promoting our services. The new brand is built around "real connections", something we strive for everyday in our interactions with our clients, their families and our staff.

We thank those who completed our annual staff and family/client surveys. The feedback given has underpinned service improvements made across the Organisation. We welcome feedback to help HCO provide great services for its clients and continue on our journey to be an employer of choice.

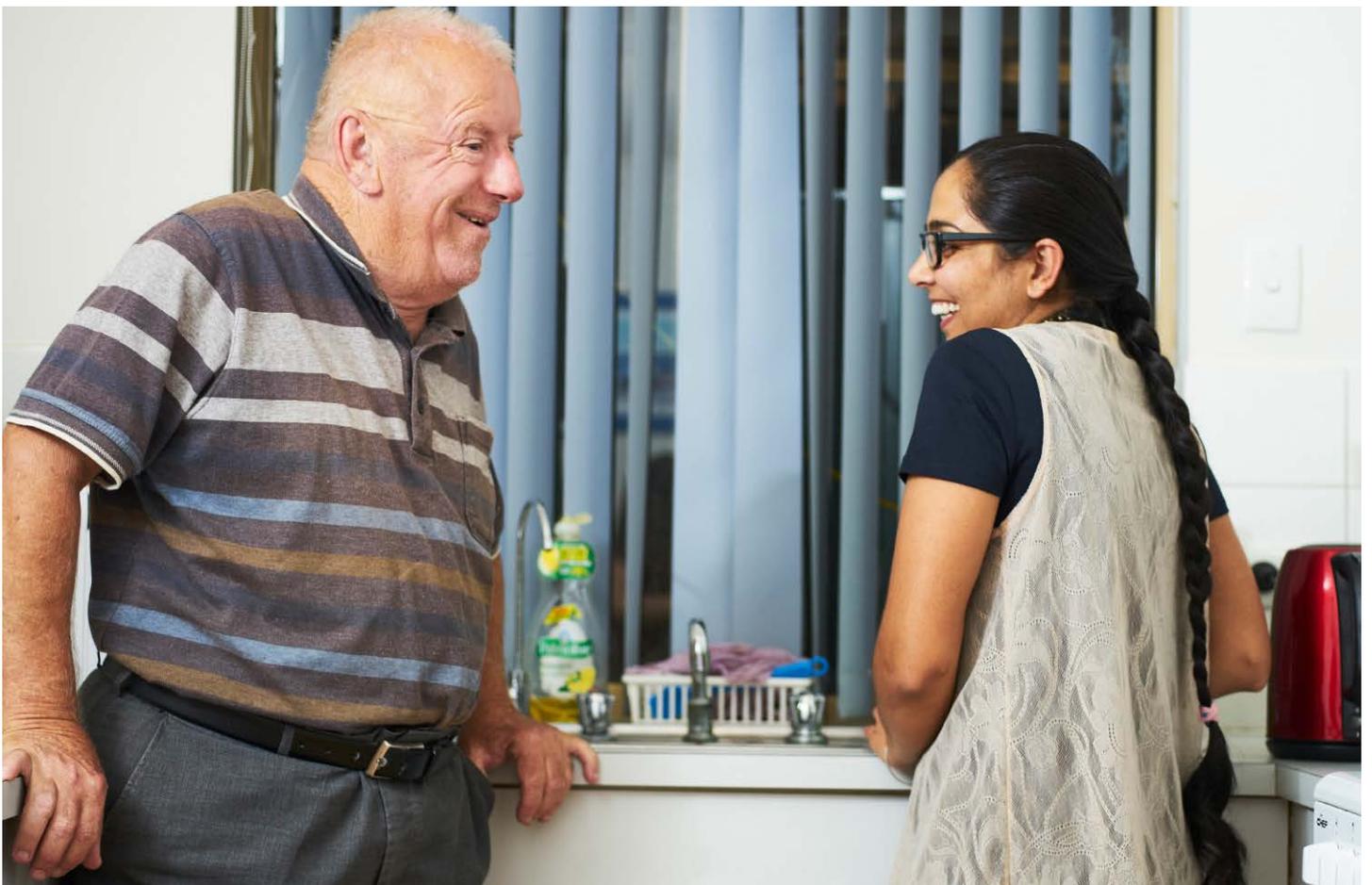
We continue to be well supported by our housing partners, we thank Hillview, Cornerstone Housing, Salvation Army Housing, Unity Housing and our private landlord partners for supporting us to ensure that our clients experience good quality accommodation and other community based activities. We thank Peter Alderson from Shield Insurance for his ongoing support and financial donation. Many families and community groups including the Kiwanis, Lions Club of Hahndorf, St Marks Lutheran Fellowship, and the Hahndorf Community Hall continued to support us financially and through positive word of mouth feedback to others- we thank you for your ongoing support and commitment.

On a pleasing note the Organisation improved its financial performance in the 18/19 financial year. This gives us confidence in our service and business model to move forward in the full NDIS environment.

I would like to thank the HCO Board for their diligent and thoughtful deliberations over the last 12 months and in particular the leadership from the Board Chair Yvonne Todd. The Board's commitment to a strong vibrant Organisation and quality services for the people we support is second to none and has been reflected in our new Strategic Directions 2018-2021.

Thank you to our staff, clients and families for your continued support.

This gives us confidence in our service and business model to move forward in the full NDIS environment.





Manager Client Services



Wayne Smith

Accommodation (Supported Independent Living – SIL)

2018/2019 has been a very busy period, staff and clients have experienced the preparation and transition to NDIS – and we made it! The Accommodation Team has worked with clients and their families and carers to put together our Supported Independent Living (SIL) quotes and plans which were accepted by the NDIS – some of them requiring a little bit of negotiation – but our SIL clients are now funded by the NDIS. Some of our older clients are funded via a program called Continuity of Support (CoS). It was a massive exercise but the quality of the quotes has seen much better support outcomes for our clients. The process made life very hectic from September through to February with Planning meetings; in the case of Ottaway – 14 meetings in 3 weeks; followed by approvals coming in and new rosters being developed and implemented. Full credit to Client Services, Rostering and HR for getting us through this and fully immersed in the new way of doing services.

Other than the dominance of the NDIS landscape the clients in Accommodation have not been sitting around being idle. While not as many holidays as usual some people enjoyed time at Victor Harbor and some in Melbourne. The participation on the social Scene is a little bit fuller. A range of clients have attended the splendid musical productions of We Will Rock You, Mamma Mia and Aladdin. Some of the Centennial Court crew attended the World Festival of Magic at the Thebarton Theatre and the Semaphore Kite Festival. We can't miss out the clients from Nairne attending the Monster Jam at Wayville or the various attendances from our services to see either the Crows or Port Power at Adelaide Oval. The Museum in Adelaide, the Maritime Museum at Pt Adelaide and attending regular church services are also popular.

Our clients also like to participate in activities. So we have had the Centennial Court people off trying their hand at Kart Mania – always good for the competitive spirit. People also get to Bowling Lanes for some Ten Pin on a regular basis, with one of our clients from Nairne now competing regularly. A group of folks from Centennial Court who attend a Dance class each week performed down at Pt Adelaide as part of a ReLink presentation and many people submitted Art works to the SALA Exhibition and Callington Show. A big feature of the year for quite a few of our clients is the Tri-State games this year we had our traditional team from Mt Barker – The Thunderbolts and a new team from Centennial Court – The Lions. It took place around Semaphore and Pt Adelaide and our teams enjoyed all of the highs and lows that come with competition. Well Done all!

The normal everyday life consists of the usual array of GP appointments, the Dentist, Allied health and for some Medical Specialists and hospital visits. We have the full range of other activities like employment, working to get employment, volunteering, Day Services with HCO and other providers, education and some who get to stay at home and have their own program of activities.

The introduction of NDIS has seen most of our Accommodation clients get some level of 1 to 1 support in their lives this has resulted in a plethora of different activities from exercising through to walking or gym attendance, guitar lessons, building vegetable gardens, room renovation, equine therapy and decoupage. The NDIS has also opened up opportunities for people to access Dieticians (for Meal Management Plans & Healthy Diets), Developmental Educators (for Behaviour Support Plans and Counselling), Psychologists, Specialist services for vision impaired individuals and hand therapy.

As always the month of May is the time for the Cancer Council's Biggest Morning Tea. The Centennial Court crew were at it again in conjunction with the Junction Community Centre. This year they added a twist by also holding a Biggest Morning Tea in the Board Room at Mt Barker, where they were also supported by a Mt Barker client who brought along some of her exquisite home-made scones. The outcome was a total of \$1132.45 raised which easily eclipsed last year's total of \$709.00. Good work for the community crew!





Community Services

Short Term Accommodation: (Respite – Adults/ Children).

Over the past year we have made considerable upgrades to our two guest houses making them more homely, comfortable and enjoyable. We are fortunate to have excellent properties that offer a safe environment.

We are sourcing outings and connections in the local communities for creative, social and recreational activities. This enables us to offer guests an interesting and happy stay. And we are always looking for ways to improve the Short Term experience.

In-Home Support: (Community Support)

It was heartening to find that almost all In-Home participants chose to continue receiving our support when transitioned to NDIS funding.

Over the past year we have focused on adjusting our support delivery to work in with participant's personal goals.

We have also worked hard at finding ways to deliver the support within the individual preferences of each client's plan. Successfully responding to individual preferences and choices requires listening, sharing ideas and working in collaboration. It requires reviewing our internal operations and putting in place pathways that support accommodating those choices. It makes us explore new ways of doing things.

Community Access: (Day Options, Out & Abouters, Weekenders, Neighbourhood Links)

Day Options:

We have had many new clients join us over the past year due to families hearing about our wonderful facilities and learning focused activities.

The program offers over 15 diverse activities ranging from yoga and dance to kitchen garden and cooking and many artistic and recreational activities in between. This gives participants a wide selection to choose from. All participants are offered the complete program to choose from and adjustments are made along the way to tailor the activity to the person's level of ability. Some activities are at our Community Centre premises, others incorporate visits to the community. All activities are focused on learning and developing new skills and knowledge.

Day Options artists featured heavily at "Myriad Exhibition" at the Adelaide Convention Centre in August.

Nel's Kitchen continues to produce quality food that is for sale within the community, that is if the Day Options staff and clients leave any.

We continue to adapt and vary our Day Options to align better with people's needs.

Out and Abouters & Weekenders:

Our recreational evening and weekend groups meet fortnightly. They are participant driven and aim to discover what is out there socially and recreationally that they can be a part of. Participants are engaged in researching, choosing and planning their community events/ activities. Every 12 weeks they review their past choices and research new ideas. It is all part of being in the program. The skills acquired give the participants the skills and confidence to engage socially out in the community. Some of the things they explore are visits to the Central Market, Movies, out to dinner and even the Ghostly Walk through Adelaide.

Neighbourhood Links:

This unique program is offered free to people with an intellectual or learning disability who live independently, it is funded by the NDIS through their Information, Linkages and Capacity Building (ILC) grants. It provides an opportunity to belong to a facilitated 'peer support group' in your own neighbourhood. Each group has a facilitator to link them to their community and to act as mentor. Participants learn to develop problem solving skills and build their capacity to make informed choices. Over the past year we have developed 2 groups in Mt Barker and 1 in Victor Harbor. You don't even need to be an NDIS participant to enjoy the benefits of this program. We are hoping to continue developing this service for more people to access

Summary

It has been a very big year for everyone in the disability sector and for me personally as I thought I knew what the NDIS could deliver but I have been taken aback at the impact the right level of funding is having for many of our clients. Once we have the appropriate levels achieved for every client they will all have improvements in their quality of life across the board. This is what the NDIS was designed to do. We still have some battles to fight and some bugs to sort out but HCO has embraced the new world and are striving to deliver the services our clients deserve. HCO has further quality improvements to implement over the course of the next year that will see us operating in a best practice mindset with all the tools we need to do the job and a team of staff that can get that job done.

HCO has embraced the new world and are striving to deliver the services our clients deserve.





Corporate Services Coordinator



Jodi Partridge

The focus on a successful transition of the workforce to NDIS and preparation for NDIS registration has again continued through this financial year. HCO has maintained a major emphasis on building new capability within the existing positions, and introducing a new Organisational structure including a number of new corporate support positions ensuring better systems to improve efficiency and enabling a stronger strategic focus for our senior management team. These new roles will increase our growing needs in Administrative Support, Executive Assistance, QA Coordination and Marketing and Design with recruitment to commence early in the next financial year.

HCO has had considerable growth in Disability Support staff numbers in this financial year also, reaching 186 staff as at 30 June 2019, a growth of 38% from last financial year. Much of this recruitment need has come from the NDIS delivering more support, in particular for those in accommodation, which is a significant part of HCO's work.

**reaching 186 staff
as at 30 June 2019,
a growth of 38%
from last financial
year**

HCO has planned and recruited a Support Coordinator this year, with pleasing success, and with the growth in client need, HCO are now looking to recruit a second Support Coordinator to assist with caseload and new client plans. We have also focused on building strategic partnerships with training and employment services providers and are looking at adding to the team with 2 trainee Disability Support workers joining our Centennial Court location early in the new financial year. HCO have also continued to welcome Student placements to undertake hours within our Day Options facility, which has also proved to be very effective in gaining paid employees with strong potential following completion of these study hours.

With the Rollout of the NDIS in April 2018, HCO have been actively reviewing our Policies and Procedures to ensure they support the Organisation's framework while transitioning into the NDIS and actively mapping these processes to meet the new National Disability Services Quality and Safeguarding framework. The recruitment of a QA Coordinator early next financial year will assist moving forward with the maintenance and compliance of this suite.

Overall, we are positively looking forward and embracing the NDIS challenge with confidence, increasing our footprint, staff and client base.

This project is a result of a strategic partnership with the Regional Development Australia

HCO secured grant funding in 2018 to support an extensive workforce development project for training and development for our current staff pool and also for the training of new to the sector candidates in the Adelaide Hills. From this funding we have been able to put 6 people through a Certificate 3 in Individual Support and from that have had 4 go on to become employees. HCO have had 10 of our existing Coordinators and Team Leaders commence a Certificate IV in Leadership and Management, with this due to be completed in November 2019. HCO will also offer Certificate IV modules in Training and Assessment for Senior Support Workers and an extensive range of short courses, specific for our industry to improve the skills and capabilities of our existing Support Workers in dealing with complex situations and specific needs. This project is a result of a strategic partnership with the Regional Development Australia, Department Industry and Skills and Mt Barker TAFE.



Tri State Games 2018

HCO was proud to support 16 enthusiastic athletes to the 2018 Tri State Games held at Semaphore and Port Adelaide. This was the first time in HCO's history of supporting athletes to attend the Tri State Games that we were able to enter two full teams, the Mount Barker Thunderbolts and the Centennial Court Lions.

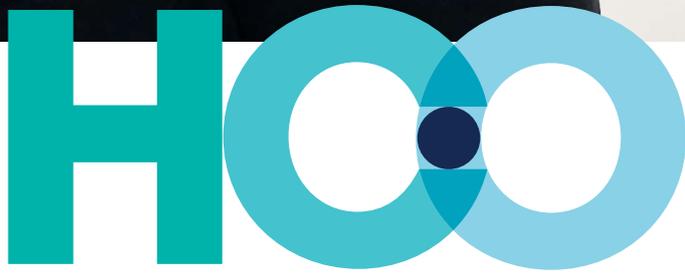
All Athletes competed with spirit, endeavour and fairness which helped each and every athlete achieve the goal of a medal or personal best performance. Whilst the competitiveness of the athletes was at the forefront during all sporting events, it was the deep connections with other athletes, friends and officials that shone through during the social events.

**connections with
other athletes, friends
and officials that
shone through**

Overall the Mount Barker Thunderbolts together as a team achieved 27 medals, 6 Gold, 11 Silver and 10 Bronze. Overall the Centennial Court Lions together as a team achieved 17 medals, 8 Gold, 5 Silver and 4 Bronze.



We would like to thank all the HCO Tri State supporting staff who's efforts help to enable the athletes to participate and compete at the games each year.



REAL CONNECTIONS

OUR VALUES

Human dignity

Integrity

Diversity

Citizenship

Self Determination



Hills Community Options Incorporated

Financial Statements

For the Year Ended 30 June 2019

Hills Community Options Incorporated

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For the Year Ended 30 June 2019

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Hills Community Options Incorporated

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Board of Hills Community Options Incorporated

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MOORE STEPHENS



Graeme Rodda
Director

14 October 2019

Adelaide

Hills Community Options Incorporated

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

| | 2019 | 2018 |
|--|------------------|-------------|
| Note | \$ | \$ |
| Revenue | 12,565,482 | 9,101,988 |
| Other income | 19,851 | 13,181 |
| Employee benefits expense | (9,360,885) | (7,618,232) |
| Depreciation and amortisation expense | (45,228) | (40,353) |
| Other expenses | (1,285,213) | (1,127,057) |
| Finance costs | (2,895) | (2,819) |
| Surplus / (deficit) before income tax | 1,891,112 | 326,708 |
| Income tax expense | - | - |
| Surplus / (deficit) for the year | 1,891,112 | 326,708 |

The accompanying notes form part of these financial statements.

Hills Community Options Incorporated

Statement of Financial Position

As At 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|-------------------------------|------|------------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 2,848,807 | 942,228 |
| Trade and other receivables | 5 | 1,188,745 | 306,316 |
| Other assets | 7 | 90,398 | 46,014 |
| TOTAL CURRENT ASSETS | | <u>4,127,950</u> | 1,294,558 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 671,722 | 673,423 |
| TOTAL NON-CURRENT ASSETS | | <u>671,722</u> | 673,423 |
| TOTAL ASSETS | | <u>4,799,672</u> | 1,967,981 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 1,238,023 | 506,808 |
| Borrowings | 9 | - | 2,538 |
| Employee benefits | 10 | 863,606 | 703,843 |
| TOTAL CURRENT LIABILITIES | | <u>2,101,629</u> | 1,213,189 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | | 58,204 | 58,124 |
| Employee benefits | 10 | 176,198 | 124,139 |
| TOTAL NON-CURRENT LIABILITIES | | <u>234,402</u> | 182,263 |
| TOTAL LIABILITIES | | <u>2,336,031</u> | 1,395,452 |
| NET ASSETS | | <u>2,463,641</u> | 572,529 |
| EQUITY | | | |
| Reserves | | 108,068 | 108,068 |
| Retained earnings | | 2,355,573 | 464,461 |
| TOTAL EQUITY | | <u>2,463,641</u> | 572,529 |

The accompanying notes form part of these financial statements.

Hills Community Options Incorporated

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

| | Retained Earnings | Asset Revaluation Surplus | Project Reserve | Total |
|--------------------------------|----------------------|---------------------------------|--------------------|------------------|
| Note | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 464,461 | 108,068 | - | 572,529 |
| Surplus for the year | 1,891,112 | - | - | 1,891,112 |
| Balance at 30 June 2019 | <u>2,355,573</u> | <u>108,068</u> | - | <u>2,463,641</u> |

2018

| | Retained Earnings | Asset Revaluation Surplus | Project Reserve | Total |
|--------------------------------|----------------------|---------------------------------|--------------------|----------------|
| Note | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | 137,753 | 108,068 | - | 245,821 |
| Surplus for the year | 326,708 | - | - | 326,708 |
| Balance at 30 June 2018 | <u>464,461</u> | <u>108,068</u> | - | <u>572,529</u> |

The accompanying notes form part of these financial statements.

Hills Community Options Incorporated

Statement of Cash Flows
For the Year Ended 30 June 2019

| | 2019 | 2018 |
|---|---------------------------|----------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 11,683,053 | 9,120,030 |
| Payments to suppliers & employees | (9,747,444) | (8,569,025) |
| Interest received | 19,851 | 13,181 |
| Borrowing costs | (2,895) | (2,819) |
| Net cash provided by/(used in) operating activities | 13 <u>1,952,565</u> | <u>561,367</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments for property, plant & equipment | <u>(43,528)</u> | (78,638) |
| Net cash provided by/(used in) investing activities | <u>(43,528)</u> | (78,638) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of borrowings | <u>(2,458)</u> | (2,531) |
| Net cash provided by/(used in) financing activities | <u>(2,458)</u> | (2,531) |
| Net increase/(decrease) in cash and cash equivalents held | 1,906,579 | 480,198 |
| Cash and cash equivalents at beginning of year | <u>942,228</u> | 462,030 |
| Cash and cash equivalents at end of financial year | 4 <u><u>2,848,807</u></u> | <u>942,228</u> |

The accompanying notes form part of these financial statements.

Hills Community Options Incorporated

Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers Hills Community Options Incorporated as an individual entity. Hills Community Options Incorporated is a not-for-profit Association, registered and domiciled in Australia.

The principal activities of the Association for the year ended 30 June 2019 was to provide support and services to people with intellectual and/or multiple disabilities so that they can live inclusive lives within their local community.

The functional and presentation currency of Hills Community Options Incorporated is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Board the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Hills Community Options Incorporated

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Grant revenue

Hills Community Options Incorporated receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Hills Community Options Incorporated

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|--------------------------|--------------------------|
| Property Improvements | 2.5% |
| Plant and Equipment | 10% - 30% |
| Motor Vehicles | 22% |
| Computer Equipment | 33% |

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.

(f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Association uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Association's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(g) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Hills Community Options Incorporated

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards.

3 Critical Accounting Estimates and Judgments

The Board make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Cash and Cash Equivalents

| | 2019 | 2018 |
|--------------------------|------------------|----------------|
| | \$ | \$ |
| Cash at bank and in hand | <u>2,848,807</u> | <u>942,228</u> |

Hills Community Options Incorporated

Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Trade and Other Receivables

| | 2019 | 2018 |
|--|------------------|----------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 1,190,614 | 308,123 |
| Provision for impairment | (1,869) | (1,807) |
| Total trade and other receivables | 1,188,745 | 306,316 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

6 Property, plant and equipment

| | 2019 | 2018 |
|--|----------------|----------------|
| | \$ | \$ |
| LAND AND BUILDINGS | | |
| Freehold land | | |
| At cost | 165,000 | 165,000 |
| Total Land | 165,000 | 165,000 |
| Buildings | | |
| At cost | 384,264 | 384,264 |
| Accumulated depreciation | (32,386) | (27,275) |
| Total buildings | 351,878 | 356,989 |
| Total land and buildings | 516,878 | 521,989 |
| PLANT AND EQUIPMENT | | |
| Plant and equipment | | |
| At cost | 412,837 | 380,491 |
| Accumulated depreciation | (321,129) | (301,762) |
| Total plant and equipment | 91,708 | 78,729 |
| Motor vehicles | | |
| At cost | 170,216 | 159,034 |
| Accumulated depreciation | (107,080) | (86,329) |
| Total motor vehicles | 63,136 | 72,705 |
| Total plant and equipment | 154,844 | 151,434 |
| Total property, plant and equipment | 671,722 | 673,423 |

Hills Community Options Incorporated

Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Other Assets

| | 2019 | 2018 |
|-------------|--------|--------|
| | \$ | \$ |
| CURRENT | | |
| Prepayments | 90,398 | 46,014 |

8 Trade and Other Payables

| | 2019 | 2018 |
|--------------------------------------|------------------|----------------|
| Note | \$ | \$ |
| Current | | |
| Trade payables | 447,720 | 189,810 |
| GST payable | (14,824) | 109,360 |
| Sundry payables and accrued expenses | 314,855 | 173,530 |
| Other payables | 490,272 | 34,108 |
| | <u>1,238,023</u> | <u>506,808</u> |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

9 Borrowings

| | 2019 | 2018 |
|--------------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Mortgage loans - secured | - | 2,538 |
| NON-CURRENT | | |
| Mortgage loans - secured | 58,204 | 58,124 |
| Total borrowings | <u>58,204</u> | <u>60,662</u> |

(a) Bank and mortgage loans

The bank and mortgage loans are secured by first registered mortgages over certain freehold property of the entity.

10 Employee Benefits

| | 2019 | 2018 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Current liabilities | | |
| Long service leave | 250,380 | 230,069 |
| Annual leave | 613,226 | 473,774 |
| | <u>863,606</u> | <u>703,843</u> |

Hills Community Options Incorporated

Notes to the Financial Statements For the Year Ended 30 June 2019

10 Employee Benefits

| | 2019 | 2018 |
|-------------------------|---------|---------|
| | \$ | \$ |
| Non-current liabilities | | |
| Long service leave | 176,198 | 124,139 |

11 Capital and Leasing Commitments

(a) Operating Leases

The association has not identified any capital or leasing commitments as at 30 June 2019 (30 June 2018: None).

12 Contingencies

In the opinion of the Board, the Association did not have any contingencies at 30 June 2019 (30 June 2018: None).

13 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

| | 2019 | 2018 |
|---|-----------|----------|
| | \$ | \$ |
| Surplus for the year | 1,891,112 | 326,708 |
| Cash flows excluded from surplus attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation | 45,229 | 40,353 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in receivables | (882,429) | 18,042 |
| - (increase)/decrease in other assets | (44,384) | (17,466) |
| - increase/(decrease) in trade and other payables | 731,215 | 9,318 |
| - increase/(decrease) in provisions | 211,822 | 184,412 |
| Cashflows from operations | 1,952,565 | 561,367 |

14 Statutory Information

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

Hills Community Options Incorporated
76 Hutchinson Street
Mount Barker
Adelaide SA 5251

Hills Community Options Incorporated

Statement by the Board

The Board members declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Chairperson Yvonne Todd

Deputy Chairperson [Signature]

Dated 14/10/19

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Hills Community Options Incorporated

Independent Audit Report to the members of Hills Community Options Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hills Community Options Incorporated, which comprises the statement of financial position as at 30 June 2019, 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 responsible persons' declaration.

In our opinion the financial report of Hills Community Options Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Registered Entity's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Hills Community Options Incorporated

Independent Audit Report to the members of Hills Community Options Incorporated

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible persons' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a 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 responsible entities are responsible for assessing the Registered Entity'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 responsible persons either intend to liquidate the Registered Entity 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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

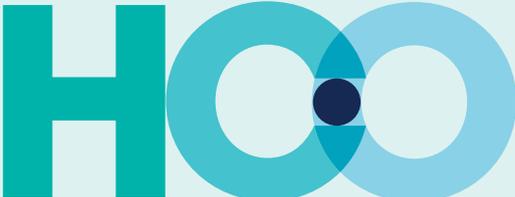
MOORE STEPHENS



Graeme Rodda
Director

Adelaide

14 October 2019



2018-19 Annual Report