ODYSSEY HOUSE VICTORIA

ABN 11 005 583 960

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

ODYSSEY HOUSE VICTORIA

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ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
CHAIR'S REPORT

Chair's Report - The Year in Review

2016 has been another year of increased services to the Victorian community where Odyssey House Victoria's support for our clients has expanded in both our community and residential services.

We have done this with the involvement of our clients, with the commitment of our staff, with the strong support of our donors, with the active support of the Victorian and Federal governments and through partnerships with other organisations involved in drug and alcohol rehabilitation services.

A clear measure of our continued success is that we have delivered treatment to over 5000 Victorians seeking help for their alcohol or other drug problems, and provided some support for their family members. This included providing residential rehabilitation to more than 900 individuals at our Lower Plenty and Benalla facilities.

We could not do this without the support from our many donors, some who have supported us since Odyssey House was first established in Victoria, others who have supported particular programs for the first time this year. We are grateful to them all, among them the following Trusts and Foundations.

- Annie and John Patterson Foundation
- Australian Football League - Jim Stynes Community Award
- Bell Charitable Fund
- Sir Wilfred Brookes Charitable Foundation
- Collier Charitable Trust
- Consolidated Chemical Co
- Walter and Eliza Daly Trust
- Dawn Wade Foundation
- Flora & Frank Leith Trust
- Gandel Philanthropy
- Mrs B Hutchins
- Jennifer Hutchins Charitable Fund
- Joe White Bequest
- The Lochtenberg Foundation
- Helen McPherson Smith Trust
- Lord Mayor's Charitable Trust
- Newman's Own Foundation
- Sidney Myer Fund
- Telematics Trust
- William Angliss Charitable Trust
- Geok Wong Charitable Trust.

Our expansion into new areas of counselling and therapeutic services has been achieved in the context of ongoing reform by the Government in the community service sector. We have done this in partnership with a range of organisations who share our values and commitment, where we have:

- Maintained our strong partnerships with Uniting Care ReGen across the north and west areas of metropolitan Melbourne, and with our SECADA consortium in the south east, to deliver additional programs to thousands more people seeking help for alcohol and other drug problems;
- Provided counselling, treatment and mental health support to 2700 people through the Stepping Up consortium with our partners Interact Australia, Taskforce and Youth Projects;
- Established three new Therapeutic Day Programs in partnership with Anglicare in Werribee, with Stepping Up in Geelong, and with Goulburn Valley Health and the Salvation Army in Shepparton.

All organisations operating in this field have been faced with the challenge of crystal methamphetamine - Ice. We have developed procedures and provided training for staff of other organisations in dealing with the

addiction and the challenging behaviours of Ice addicts. Those seeking help arising from their use of Ice now represent 40% of our residential and 30% of our community services clients.

Odyssey has contributed to the work of Victoria's Ice Action Plan, which was launched by Premier Daniel Andrews at Odyssey House in Templestowe. And we contributed to the Federal Inquiry lead by former Victorian Police Commissioner, Ken Lay who observed that Australia cannot arrest our way out of this problem.

Our staff, particularly our CEO, Stefan Gruenert, have contributed to the National debate on these issues and the search for solutions to the problems posed. We have:

- Presented our outcomes at several National conferences and in journal articles;
- Published a book on Working with Substance Affected Parents and their Children;
- Provided input into several government reviews including the Royal Commission into Institutional Responses to Child Sexual Abuse;
- Contributed to a number of Boards and Committees including the Victorian Alcohol and other Drugs Association, the Financial and Consumer Rights Council, the Australasian Therapeutic Communities Association, and the Alcohol and other Drugs Council of Australia.
- Delivered training to more than 650 students through the Odyssey Institute, with Ice training to health professionals across Victoria, and Drink Driving education programs and community seminars. More than 120 of these students completed nationally accredited courses such as the Diploma in Community Services;
- Assisted people to achieve sustainable recovery through complementary programs including mental health support, financial and gambling counselling, family counselling, and our Kids In Focus program;
- Continued our award winning BRICS program that delivers counselling and education programs to at-risk young people in several of Melbourne's community/alternative schools;
- Maintained certification and a high level of compliance with our ISO9001 Quality System and our Registered Training Organisation, following rigorous external audits.

We could not achieve so much across so many fields of activity without the support of many other people and organisations who have enabled us to operate successfully. They include our:

- Research partners - Deakin, LaTrobe, Melbourne, Swinburne, Griffith and Victoria Universities, and Turning Point;
- Consultant General Practitioners Dr. Madeline Philip and Dr. Greg Feen at Lower Plenty and Dr. Julian Fidge in Benalla;
- Consultant psychiatrists Dr. Ranvir Sood and Dr. Chris Walshe;
- Consultant psychologists JLA Consulting;
- Pharmacists Thompson's Amcal Pharmacy (Eltham) & Jenny Milner Pharmacy (Benalla);
- Ambassador, Dennis Armfield from Carlton Football Club.

And we rely on our advisers, partners and those providing in kind support, who include:

- Aaron Short Awareness Association
- Alcohol and Drug Council of Australia
- Alliance Fleet Services
- Anglicare Victoria
- Australian Drug Foundation
- Barwon Child, Youth & Family Services
- Benalla CWA
- Berry Street
- The Bouverie Centre
- Caulfield Park and Sydney Road Community Schools
- Children's Protection Society
- Alfred Hospital Austin Hospital
- Australasian Therapeutic Community Association
- Australian Quilters Association
- Australian Community Support Organisation
- Banyule Community Health Service
- Benalla Lions Club
- Bunurong Health Service
- Bunnings - Hawthorn, Eltham
- Carlton Football Club
- City of Stonnington
- Clifton Consulting
- Costco

- Family Drug Support
- GIO
- Goulburn Valley Health
- Headspace Elsternwick
- Interact Australia
- Kildonan Uniting Care
- Legal Aid
- Lentara UnitingCare
- Lord Mayor's Fund - Youth in Philanthropy
- Matchworks
- National Centre for Education and Training on Addictions (NCETA)
- Newman's Own Foundation
- Northern Nexus
- Post Placement Support Service (PPSS)
- Ron Dekker
- Reclink
- Salvation Army (St. Kilda Crisis Centre, Wangaratta, Shepparton)
- Share The Dignity
- Shepparton Koori Court
- Stepping Up
- Stonnington Council
- Taskforce
- Today Tomorrow Foundation
- Victorian Alcohol And Drug Association
- Victorian Aboriginal Health Service
- Victoria Police
- Western Gathering Place
- YSAS
- Collingwood Neighbourhood Justice Centre
- Gateway Community Health
- Good Shepherd
- Helen Macpherson Smith Trust
- Horse Instincts
- Isobar
- Larter Consulting
- LeeJen Consultants
- Mackillop Family Services
- Ngwala Willumbong Ltd.
- North East Dual Diagnosis Service
- North & West Headspace
- Road Runner Mobile Tyres
- SEADS
- Self Help Addictions Resource Centre
- South Eastern Primary Health Network
- Sunbury Community Health
- Tatong Football Club
- Templestowe Rotary Club
- Tom Valenta
- Turning Point, Eastern Health
- Uniting Care ReGen
- VACCHO
- Victorian Dual Diagnosis Association
- Women's Alcohol and Drug Service
- Visionary Images
- Windana
- Youth Projects

Odyssey's expansion into new areas has been strongly supported by the Board and I want to thank all Directors, from David Bullard who has been on the Board from the outset, to those, like me, who have joined more recently. We recently developed a new Strategic Plan that emphasizes enhancing our capacity, our facilities and the outcomes we achieve, whilst developing our staff and our partnerships

We have delivered a strong financial result, due to strong financial disciplines maintained by our Finance Manager, Jeff Wilson and our Treasurer, Shawn Wolfe, who jointly ensure our that we maintain very low administration costs, allowing us to invest in planned capital works and new facilities.

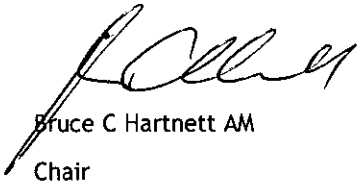
Through our services we continue to save the community an average of $1 million over their lifetime, for each person treated in our residential facility.

We are conscious that we face a number of challenges including the:

- Ongoing high demand for our services, with waiting lists of more than 150 people at any one time who wish to access a bed at one of our residential programs;
- Uncertainty regarding the Commonwealth funding for our Benalla facility and our Kids in Focus programs;
- Some difficulty in recruiting good quality staff and investment required to develop our workforce;
- Our need for additional capital resources as we seek to establish new facilities at Templestowe, Benalla and in country Victoria;
- Reducing the Stigma faced by individuals and families impacted by addiction, and overcoming the belief that people need to suffer the consequences of their choice to use drugs.

I know we can meet these challenges.

With the continued support from State and Federal Governments, from Foundations and individual supporters, from the many people and organisations listed above and the continued dedication of our staff we can continue to make a difference in the lives of people and families affected by alcohol and drugs.



Bruce C Hartnett AM

Chair

Odyssey House, Victoria

11 October 2016

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2016.

Directors

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

Mr David W Broadbent
Ms Rowena Allsop
Mr David E F Bullard
Ms Hilary Chandler
Mr Edgar S Doble
Assoc Prof Margarita Frederico
Mr Bruce C Hartnett AM
Mr Andrew Hutchins (resigned 13 October 2015)
Mr Brian J Mallon AO
Mr Michael J Strong
Ms Deborah Dick
Mr Shawn Wolfe (appointed 15 September 2015)

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

Operating Results

The surplus of the company for the financial year amounted to $1,597,137 (2015: $520,300).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the company during the financial year.

Principal Activity

The principal activity of the company during the financial year was the provision of residential and non-residential drug rehabilitation services in Victoria. No significant change in the nature of these activities occurred during the year.

Short and Long Term Objectives of the Company

The company's short-term objectives are: to strengthen its core residential and community based alcohol and other drug treatment, training and support activities; to further develop the alcohol and other drug, mental health and family skills of its staff; and to build and maintain key relationships and partnerships to address emerging client needs.

The company's long-term objectives are: to secure recurrent and new financial resources in order to grow its capacity to service those with alcohol and other drug problems; to support community prevention and early intervention initiatives; and to better evaluate and communicate client outcomes.

Performance Measurement

The company has an electronic system to monitor the key deliverables, targets and reporting requirements of each program and project. The Chief Executive Officer reports to the board on the status of these programs and projects at each meeting.

The company has a finance committee that reports to the board at each meeting on the status of income and expenditure against annual budgets.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends Paid or Recommended

The company is not-for-profit and its constitution precludes it from paying dividends.

Information on Directors

Board Member	Experience	Special Responsibilities
Mr Bruce Hartnett AM B. Eng., M. Eng. Sci., M.Phil., CSM, MA	Bruce is the former Chair of the State Services Authority in Victoria, former Chair of the Australia Day Committee (Victoria), Deputy Chair of VicSuper, a director of the RACV, and President of the Council of the Rural Learning and Leadership School. He has been in senior management roles in the Victorian Government, ICI, the National Australia Bank, the ACTU and the non-government sector. Bruce studied Civil Engineering at Melbourne University and has post-graduate qualifications in Transport Engineering and Town Planning from Melbourne and London Universities. Bruce has contributed to Federal and State Government advisory committees on Industry Best Practice, Child Care Policy, Self Governing Schools and University Governance and has been a member of course advisory committees at RMIT, VUT, Deakin and Melbourne Universities.	Chair
Ms Rowena Allsop OAM	A board member since 1996, Ms Allsop has previous experience as an honorary juvenile probation and community corrections officer, Independent Third Person (ITP) with the Office of the Public Advocate and over 22 years as a bail justice. She has participated in honorary community work with the Moonee Valley City Council as a member of the various community committees (Festival, Recreation and Arts Advisory Committees) and still is an active member of the Athletics Track committee. In 1994, she received the Victorian of the Year Award for 'Outstanding contributions to the Victorian Community', in 1995 was awarded an Order of Australia Medal (OAM) and in 2001 received an 'Australia Day Medallion' for community service from the City of Moonee Valley. Rowena is a former teacher and for the past 15 years has worked in the Department of Education, Communications Division, as Coordinator of the Information and Referral Service. Rowena is a keen Master athlete -competing in athletics as a sprinter and in rowing in the single scull.	

Information on Directors

Board Member	Experience	Special Responsibilities
Mr David E F Bullard OBE, RFD, ED, LLB	A founding board member and past Chair, Mr Bullard, a Barrister and Solicitor and Partner of Bullards is a retired Lt. Colonel of the Australian Army Reserve and a past Chair and President of the RACV.	Deputy Chair
Assoc Prof Margarita Frederico BA, Dip Social Stud, MSW, MBA	A board member since December 1994, Ms Frederico is Head of the School of Social Work and Social Policy at La Trobe University, Bundoora, with a particular interest in Not-For-Profit Governance and quality practice. She has long experience in practice research and education in relation to social and emotional wellbeing of children and families. Margarita's experience includes work in this area in the USA, Indonesia, United Kingdom and the Philippines.	
Mr Andrew Hutchins (resigned 13 October 2015) B.Bus., (Banking and Finance), MBA	A board member since October 2004, Mr Hutchins is a Chartered Accountant with a Master in Business Administration from RMIT University. Andrew has more than 20 years experience in senior finance roles across a range of industries, including corporate recoveries, advertising, satellite broadcasting, and the legal industry.	
Mr Brian J Mallon AO	A board member since 1982, Mr Mallon's previous positions include Managing Director of HSV7 Melbourne, Managing Director of Crown Communications London, General Manager of Par Plan Australia and Executive Director of the Royal Children's Hospital Foundation.	
Mr Michael J Strong	Michael is a former solicitor, barrister, Prosecutor for the Queen, judge of the County Court of Victoria, Vice-President of the Victorian Civil and Administrative Tribunal and Director of the Office of Police Integrity (Victoria). He has a current appointment to the Australian Crime Commission as an Examiner. Michael is Chairman of the Australian Centre for Post-traumatic Mental Health. He is a long-serving former director and President of Berry Street, Victoria's largest independent child and family welfare agency and has served on boards and committees of numerous other organisations.	
Mr Hilary Chandler	Hilary has practised as a clinical psychologist and psychotherapist since 1987. Over the years, as well as working in private practice, she has worked in various Public Mental Health settings as a senior psychologist offering psychological services, specialist secondary consultation, training and supervision to clinicians and organisations working with clients with complex presentations.	

Information on Directors

Board Member	Experience	Special Responsibilities
Mr Edgar S Doble	Ed has over 35 years' experience as a general management, branding, marketing and communications consultant in Australia/Asia Pacific region. He has a Bachelor Degree in Economics from Monash University (Australia). Born in the UK, Ed started his Australian career as a Brand Manager with Unilever before starting his own ad agency, Burrows Doble Lawrence. Other Melbourne-based roles held by Ed are Marketing & Sales Director of Canada Packers Australia, Managing Director of WCRS/Ball Partnership, Managing Director of Y&R Mattingly, and Chairman/ CEO of McCann-Erickson. Ed worked for J Walter Thompson in 1992 as Managing Director JWT Melbourne and then COO JWT Australasia ultimately becoming International Vice President of JWT, and appointed Regional President of JWT Ventures Asia Pacific. By 2000, Ed was Executive Vice President JWT Asia Pacific, and a Member of the Regional Board. Leaving full-time employment in 2004, Ed remains in consulting and is the Principal of Doble and Company Pty Ltd based in Melbourne.	
Mr David Broadbent	David Broadbent is former newspaper and television journalist with more than 35 years experience covering Federal and State Politics. A former Director of News for Channel Seven Melbourne and Sydney, he has worked in Canberra, Bangkok, Brisbane, Sydney and Melbourne. In 2007 he joined the Victorian State Government, leading the Communications Divisions in Arts Victoria, the Department of Education and Early Childhood Development and the Department of Business and Innovation. He currently runs his own Media and Government Relations consultancy and is a committee member of the Melbourne Press Club.	
Ms Deborah Dick	Deborah currently works as a senior psychiatric nurse at Spectrum, the State-wide Personality Disorder Service of Victoria. Spectrum provides consultation for the public mental health sector, training and direct treatment for clients with personality disorder. Deborah has 24 years of experience in many mental health settings including inpatient and outpatient services and crisis teams. She has a post graduate Diploma in family therapy and has a small private practice providing individual and family therapy, supervision and training.	
Mr Shawn Wolfe (appointed 15 September 2015)	Shawn Wolfe is a commercial and financial advisor, principally in relation to infrastructure projects. Shawn has held senior positions with PwC, the Victorian Government and KPMG. He has wide experience in leading major infrastructure projects, in industry reforms, public private partnerships, financings, business cases, transaction structuring and commercial negotiations. He has worked across Australia, in London, the UK and Washington D.C., USA. Particular sectors of experience include urban and regional infrastructure, energy, environmental sustainability, public transport, social housing and health.	Treasurer

Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Mr Bruce C Hartnett AM	8	5
Ms Rowena Allsop	8	8
Mr David E F Bullard	8	6
Assoc Prof Margarita Frederico	8	6
Mr Andrew Hutchins (resigned 13 October 2015)	3	1
Mr Brian J Mallon AO	8	1
Mr Michael J Strong	8	4
Mr Hilary Chandler	8	8
Mr Edgar S Doble	8	8
Mr David Broadbent	8	5
Ms Deborah Dick	8	3
Mr Shawn Wolfe (appointed 15 September 2015)	7	6

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Auditor Independence

The lead Auditor's Independence Declaration under the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 10 and forms part of the Directors Report for the year ended 30 June 2016.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Mr Bruce C Hartnett AM

Chair

Dated 11 October 2016

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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ODYSSEY HOUSE VICTORIA

As lead auditor of Odyssey House Victoria for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 11 October 2016

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $	2015 $
Revenue	2	18,111,276	15,280,662
Finance costs		10,592	14,666
Employee benefits expense		9,284,579	8,186,667
Depreciation and amortisation expenses	3	257,497	248,941
Lease expenses		960,433	739,116
Utilities expenses		488,268	483,928
Resident food and personal needs		1,494,838	1,789,672
Motor vehicles expenses		201,382	210,801
Other operating expenses		3,202,299	2,114,027
Other expenses		614,251	972,545
Surplus before tax expense		1,597,137	520,300
Tax expense	1(b)	-	-
Surplus after tax expense		1,597,137	520,300
Items that will not be reclassified to profit or loss:		-	-
Gain on revaluation of land		25,000	-
Other comprehensive income after tax		25,000	-
Total comprehensive income for the year		1,622,137	520,300

The accompanying notes form part of these financial statements.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	6	3,656,886	1,584,705
Trade and other receivables	7	540,608	296,766
Other assets	8	99,309	112,992
TOTAL CURRENT ASSETS		4,296,803	1,994,463
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,568,591	5,657,658
TOTAL NON-CURRENT ASSETS		5,568,591	5,657,658
TOTAL ASSETS		9,865,394	7,652,121
CURRENT LIABILITIES			
Trade and other payables	10	1,189,759	703,748
Borrowings	11	73,827	64,135
Provisions	12	1,076,848	864,218
TOTAL CURRENT LIABILITIES		2,340,434	1,632,101
NON-CURRENT LIABILITIES			
Borrowings	11	58,787	131,578
Provisions	12	140,387	184,793
TOTAL NON-CURRENT LIABILITIES		199,174	316,371
TOTAL LIABILITIES		2,539,608	1,948,472
NET ASSETS		7,325,786	5,703,649
EQUITY			
Reserves		1,204,307	1,179,307
Retained surplus		6,121,479	4,524,342
		7,325,786	5,703,649

The accompanying notes form part of these financial statements.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Asset Revaluation Reserve (1) $	Retained Surplus $	Total $
Balance as at 30 June 2014	1,179,307	4,004,042	5,183,349
Surplus after tax expense	-	520,300	520,300
Total Comprehensive Income for the year	-	520,300	520,300
Balance as at 30 June 2015	1,179,307	4,524,342	5,703,649

	Asset Revaluation Reserve (1) $	Retained Surplus $	Total $
Balance as at 30 June 2015	1,179,307	4,524,342	5,703,649
Surplus after tax expense	-	1,597,137	1,597,137
Other comprehensive income	25,000	-	25,000
Total Comprehensive Income for the year	1,204,307	6,121,479	7,325,786
Balance as at 30 June 2016	1,204,307	6,000,224	7,204,531

(1) The asset revaluation reserve records revaluations of Freehold land.

The accompanying notes form part of these financial statements.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $	2015 $
CASH FLOW FROM OPERATING ACTIVITIES			
State and Federal Government funding		13,729,727	10,725,946
Client fees		1,069,562	944,274
Payments to suppliers and employees		(15,579,616)	(14,322,492)
Donations and fundraising		389,512	403,052
Interest received		54,827	41,421
Finance costs		(10,592)	(14,666)
Other receipts received		2,648,805	3,034,821
Net cash provided by operating activities	14(b)	2,302,225	812,356
CASH FLOW FROM INVESTING ACTIVITIES			
Security bond		1,485	(13,485)
Payment for property, plant and equipment		(168,430)	(117,605)
Net cash used in investing activities		(166,945)	(131,090)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(63,099)	(59,026)
Net cash used in financing activities		(63,099)	(59,026)
Net increase in cash held		2,072,181	622,240
Cash and cash equivalents at beginning of financial year		1,584,705	962,465
Cash and cash equivalents at end of financial year	14(a)	3,656,886	1,584,705

The accompanying notes form part of these financial statements.

INTRODUCTION

The financial report covers Odyssey House Victoria as an individual entity. Odyssey House is a company limited by guarantee, incorporated and domiciled in Australia.

The principal activity of Odyssey House Victoria is to provide residential and non residential drug rehabilitation services in Victoria.

The registered office of the company is 660 Bridge Road, Richmond, Victoria, and the principal place of business is 28 Bonds Road, Lower Plenty, Victoria. The presentation currency and functional currency is Australian dollars.

The financial report was authorised for issue by the Board of Directors of Odyssey House Victoria on the date shown on the Director's Declaration attached to the Financial Statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and Interpretations and complies with other requirements of the law, as appropriate for not-for-profit oriented entities.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied and unless otherwise stated, are consistent with those of the previous year.

(a) Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All values are rounded to the nearest dollar.

A statement of compliance with International Financial Reporting Standards cannot be made as the Company is considered to be a Not-for-Profit entity and has prepared the financial statements in accordance with the requirements regarding Not-for-Profit entities as contained in Australian Accounting Standards.

The financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

(b) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Significant Judgements and Key Assumptions

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant Judgements and Key Assumptions (Cont'd)

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern depreciation rates. These are reviewed annually by the directors to ensure that assets are being appropriately depreciated.

No key assumptions have been made concerning the future and there are no other key sources of estimation uncertainty at the balance date that the directors consider have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Receivables from related parties are recognised and carried at the nominal amount due.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is recorded at cost or fair value, as indicated, less any accumulated depreciation and any impairment in value.

Freehold land is measured at fair value based on periodic valuations by external independent valuers. Buildings, plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rates	Depreciation Basis
Buildings	2 %	Straight Line
Leasehold improvements	20 %	Straight Line
Motor Vehicles	22.5 %	Straight Line
Computer Equipment	33 %	Straight Line
Improvements	10 %	Straight Line

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Trade and Other Payables

Trade and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and paid within 30 days of recognition.

(h) Provisions

Provisions are recognised when the company has a present obligation (legal, equitable or constructive) as a result of a present or past events, 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.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments reduce the liability.

(j) Employee Entitlements

Wages and Salaries and Annual Leave

Provision for employee benefits relate to liabilities made in respect of wages and salaries, annual leave and other employee benefits when it is possible that settlement will be required and they are capable of being measured reliably. The provision for employee benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date and 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 in the provision for employee benefits 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.

Superannuation

The amount charged to the profit or loss in respect of superannuation represents the contributions made by the entity to the employees' nominated superannuation funds.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Revenue

Revenue from the sale of goods is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised as follows:

- Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
- Grant revenue is recognised when the right to receive the grant consideration is attained.
- Donations and specific purpose grant revenue is recognised during the period the project is completed.
- Client fee revenue is recognised when the fees are received.

(l) Goods and Services Tax (GST)

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

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

(ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Receivables and payables are stated with the amount of GST included.

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, are classified as operating cash flows.

(m) Impairment of Assets

At each reporting date Odyssey House Victoria reviews the carrying amounts of assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The recoverable amount is assessed as the higher of fair value less costs to sell or the assets value in use being the depreciated replacement cost.

(n) Other Financial Liabilities

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset. No borrowing costs were capitalised during the financial year ended 30 June 2016 (2015: Nil).

(p) Members' Liability

The liability of the members of Odyssey House Victoria is limited. Each member has undertaken to contribute to the assets of Odyssey House Victoria in the event of the Company being wound up while a member, or within one year after ceasing to be a member for payment of debts. The amount of each member's liability is limited to $50. At balance date there were 11 (2015: 11) members.

(q) New and Revised Accounting Standards and Interpretations

All the new and revised Accounting Standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the annual reporting period beginning on 1 July 2015 have been adopted by the Company in accordance with accounting policies described above.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(r) New and Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2016. The new or amended Accounting Standards and interpretations, most relevant to the company, are AASB 9 Financial Investments and AASB 15 Revenue from Contracts with Customers. These standards do not become mandatory until 2018 and the impact of their adoption is yet to be assessed by the company.

2. REVENUE

	2016 $	2015 $
State Government Grants (DHHS)	9,831,174	7,440,379
Other (non DHHS) Government Funding	2,343,842	2,816,247
Client fees	1,313,405	1,091,230
Other program income	2,321,466	1,957,892
Related party reimbursements	1,554,711	1,247,062
Donations and fundraising	389,512	429,052
Interest	54,827	41,421
Other revenue	302,339	257,379
	18,111,276	15,280,662

	2016 $	2015 $
3. SURPLUS BEFORE TAX		
Result before income tax has been determined after charging expenses as:		
Depreciation of non-current assets		
- Buildings	29,048	29,048
- Leasehold improvements	2,227	4,104
- Motor vehicles	4,806	843
- Plant & equipment	37,605	24,841
- Improvements	183,811	190,105
Depreciation of property, plant and equipment	257,497	248,941
Remuneration of the auditors for:		
- Audit or review services	19,000	17,500
- Financial statement preparation	6,800	6,600
	25,800	24,100
Rental expense on operating leases	960,433	739,116
Superannuation contribution expense	742,820	648,911

4. DIRECTORS' REMUNERATION AND RELATED PARTY TRANSACTIONS

(a) Directors' Remuneration

No director received remuneration from the company.

The names of directors who have held office during the financial year are:

Mr David W Broadbent
Ms Rowena Allsop
Mr David E F Bullard
Ms Hilary Chandler
Mr Edgar S Doble
Assoc Prof Margarita Frederico
Mr Bruce C Hartnett AM
Mr Andrew Hutchins (resigned 13 October 2015)
Mr Brian J Mallon AO
Mr Michael J Strong
Ms Deborah Dick
Mr Shawn Wolfe (appointed 15 September 2015)

Mr D Bullard is a partner with Bullards Barristers and Solicitors who have provided legal advice on an honorary basis.

(b) Related Party Transactions

Odyssey House Victoria is one of four members of the Stepping Up Consortium joint venture. The Consortium is a non-profit organisation established to provide therapeutic and community based services to clients with complex needs at the intersection of addiction, disability, mental health, unemployment and justice sectors by identifying gaps in services provision and developing innovative responses that deliver improved client outcomes. For year ended 30 June 2016 the Company received $1,554,711 (2015: $1,247,062) for the provision of administrative services to, and the reimbursement of expenditures paid on behalf of the Consortium. Included in Trade and Other Payables at 30 June 2016 is an amount of $100,000 (2015: $100,000), representing float funds provided by the Consortium for expenses paid on its behalf by the company.

		2016 $	2015 $
5.	**KEY MANAGEMENT PERSONNEL COMPENSATION**		
	The following table discloses the aggregate of Key Management personnel compensation. Key management personnel consist of the Chief Executive of the company and the four key executive managers.		
	Total remuneration	847,120	814,609
6.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	12,450	10,850
	Cash at bank	3,644,436	1,573,855
		3,656,886	1,584,705
7.	**TRADE AND OTHER RECEIVABLES**		
	CURRENT		
	Trade receivables	540,608	296,766
		540,608	296,766

As at 30 June 2016, the ageing analysis of trade receivables is as follows:

	Current	30 days	60 days	90 days	Total
2016 - $	481,757	5,726	-	53,125	540,608
2016 - %	89%	1%	0%	10%	100%
2015 - $	263,867	477	1,392	31,030	296,766
2015 - %	89%	0%	1%	10%	100%

Receivables past due but not considered impaired are $53,125 (2015: $32,422). Management is satisfied that payment will be received in full.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

		2016 $	2015 $
8.	**OTHER ASSETS**		
	CURRENT		
	Prepaid expenses	-	12,198
	Deposit for bank guarantee	78,635	78,635
	Accrued income	8,674	8,674
	Security bond	12,000	13,485
		99,309	112,992

		2016 $	2015 $
9.	**PROPERTY, PLANT AND EQUIPMENT**		
	LAND		
	Freehold land:		
	At independent valuation	1,825,000	1,800,000
	BUILDINGS		
	At cost	1,452,419	1,452,419
	Less accumulated depreciation	(364,126)	(335,078)
		1,088,292	1,117,341
	LEASEHOLD IMPROVEMENTS		
	At cost	25,120	21,782
	Less accumulated amortisation	(21,933)	(19,706)
		3,187	2,076
	PLANT AND EQUIPMENT		
	(a) Plant and equipment		
	At cost	1,707,386	1,654,004
	Less accumulated depreciation	(1,554,941)	(1,517,336)
		152,445	136,668
	(b) Improvements		
	At cost	4,365,357	4,278,647
	Less accumulated depreciation	(1,865,691)	(1,681,880)
		2,499,666	2,596,767
	(c) Motor vehicles		
	At cost	160,218	160,218
	Less accumulated depreciation	(160,218)	(155,412)
		-	4,806
	Total plant and equipment	2,652,111	2,738,241
	Total Property, Plant and Equipment	5,568,591	5,657,658

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land $	Buildings $	Leasehold Improvements $	Plant & Equipment $
2016				
Balance at the beginning of the year	1,800,000	1,117,341	2,076	136,668
Gain on revaluation of land	25,000	-	-	-
Additions	-	-	3,338	53,382
Depreciation expense	-	(29,048)	(2,227)	(37,605)
Carrying amount at the end of the year	1,825,000	1,088,293	3,187	152,445

	Motor Vehicles $	Improvements $	Total $
2016			
Balance at the beginning of the year	4,806	2,596,767	5,657,658
Gain on revaluation of land	-	-	25,000
Additions	-	86,710	143,430
Depreciation expense	(4,806)	(183,811)	(257,497)
Carrying amount at the end of the year	-	2,499,666	5,568,591

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land $	Buildings $	Leasehold Improvements $	Plant & Equipment $
2015				
Balance at the beginning of the year	1,800,000	1,146,389	6,180	43,904
Additions	-	-	-	117,605
Depreciation expense	-	(29,048)	(4,104)	(24,841)
Carrying amount at the end of the year	1,800,000	1,117,341	2,076	136,668

	Motor Vehicles $	Improvements $	Total $
2015			
Balance at the beginning of the year	5,649	2,786,872	5,788,994
Additions	-	-	117,605
Depreciation expense	(843)	(190,105)	(248,941)
Carrying amount at the end of the year	4,806	2,596,767	5,657,658

(b) Valuations of Freehold Land

The basis of the valuation of land is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location. The land at Lower Plenty was valued at $1,600,000 on 4 March 2016 based on an independent assessment by Egan National Valuers (VIC). The land at Benalla was valued at $225,000 on 7 March 2016 based on an independent assessment by Opteon (Goulburn North East Victoria) Pty Ltd.

10. TRADE AND OTHER PAYABLES

	2016 $	2015 $
CURRENT		
Trade and other creditors	798,861	302,748
Unearned income	290,898	301,000
Stepping Up Consortium Float	100,000	100,000
	1,189,759	703,748

Fair Value
Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

11. BORROWINGS (SECURED)

CURRENT		
Bank loan	73,827	64,135
NON CURRENT		
Bank loan	58,787	131,578

Assets pledged as security
The bank loan is secured by first mortgages over the land at Lower Plenty.
Refer to note 15 for further information on financial instruments.

		2016 $	2015 $
12.	**PROVISIONS**		
	CURRENT		
	Annual leave	598,181	493,070
	Long service leave	478,667	371,148
		1,076,848	864,218
	NON-CURRENT		
	Long service leave	140,387	184,793
		1,217,235	1,049,011

(a) Aggregate employee entitlements liability
A provision has been recognised for employee entitlements, relating to annual and long service leave accrued for employees. The measurement and recognition criteria for employee benefits have been included in Note 1 (j).

13.	**CAPITAL AND LEASING COMMITMENTS**		
	(a) Operating Lease Commitments - Copiers, Printers, Premises and Motor Vehicles		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
	Payable		
	- not later than one year	559,423	399,151
	- later than one year and not later than five years	859,380	297,542
		1,418,803	696,693
14.	**CASH FLOW INFORMATION**		
	(a) Reconciliation of Cash		
	Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
	Cash on hand	12,450	10,850
	Cash at bank	3,644,436	1,573,855
		3,656,886	1,584,705
	(b) Reconciliation of cash flow from operations with surplus after income tax		
	Net surplus	1,622,137	520,300
	Non-cash items included in the surplus/(deficit)		
	Depreciation	257,497	248,941
	Changes in assets and liabilities		
	Decrease/(increase) in receivables	(243,842)	(148,856)
	Decrease/(increase) in other assets	12,199	(15,678)
	(Decrease)/increase in payables	486,011	60,758
	Increase in provisions	168,223	146,891
	Cash flow from operations	2,302,225	812,356

(c) Non-cash investing and financing activities

There were no non-cash investing or financing activities throughout the year (2015: $Nil).

15. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The company's principal financial instruments comprise receivables, payables, borrowings and cash and short-term deposits. These activities expose the company to a variety of financial risks: market risk, interest rate risk, credit risk and liquidity risk.

Although the company does not have documented policies and procedures, the Board manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rates and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business budgets and forecasts.

(b) Interest Rate Risk

The company's exposure to market interest rates relates primarily to cash and short term deposits held.

Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables held constant, the company's net profit and net assets would increase by $35,905 and decrease by $35,905 (2015: increase by $14,568 and decrease by $14,568). This is mainly attributable to the company's exposure to interest rates on its cash and cash equivalents.

(c) Foreign Currency Risk

The company is not exposed to fluctuations in foreign currencies.

(d) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Maturities of Financial Liabilities

The table below analyses the company's financial liabilities.

	Weighted average interest rate	Maturing within year	Maturing 1 to 5 years	Total
	%	$	$	$
2016				
Financial liabilities				
Trade and sundry creditors		1,116,949	-	1,116,949
Bank loan	5.5	73,827	58,787	132,614
Total financial liabilities		1,190,776	58,787	1,249,563
2015				
Financial liabilities				
Trade and sundry creditors		703,748	-	703,748
Bank loan	5.9	64,135	131,578	195,713
Total financial liabilities		767,883	131,578	899,461

15. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

The company trades only with recognised, creditworthy third parties, and as such collateral is not requested as it is the company's policy to scrutinise its trade or other receivables. All sales are on a cash basis and as such, there is no credit risk on trade receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

(f) Price Risk

The company is not exposed to any material commodity price risk.

(g) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

The net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

16. FAIR VALUE MEASUREMENTS

The company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Land and buildings

The fair value hierarchy consists of the following levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for asset or liability values that are not based on observable market data (unobservable inputs).

The following presents the company's assets measured and recognised at fair value:

2016	Level 1	Level 2	Level 3	Total
Non-financial assets				
Freehold land (Note 9)	-	-	1,825,000	1,825,000
	-	-	1,825,000	1,825,000

2015	Level 1	Level 2	Level 3	Total
Non-financial assets				
Freehold land (Note 9)	-	-	1,800,000	1,800,000
	-	-	1,800,000	1,800,000

16. FAIR VALUE MEASUREMENTS (CONT'D)

Valuation techniques used to derive level 3 fair values

(a) Recurring fair value measurement

For its freehold land (classified as property, plant and equipment), the company obtains independent valuations at least every five years. At the end of each reporting period, the board of directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The board of directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the board members consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for freehold land are included in level 3. The level 3 fair value of land and buildings has been derived using the direct comparison approach where the subject property is compared directly with sales of other properties in similar locations and adjustments made for small points of difference. More specifically for this method, adjustments were made for differences compared to the subject site, such as for contour, size, location and views. The most significant input into this valuation approach is recent sale of nearby properties adjusted for the differences in the physical attributes of the properties using a percentage adjustment for these factors which is considered to result in a more consistent analysis and more confirming value for the subject property.

(b) Valuation inputs and relations to fair value

Description	Fair value at 30 June 2016	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Freehold land - 1619 Kilfeera Road, Benalla	$225,000	Indicative land value based on recent sales of properties of similar size in similar locality	Area: 16.19 hectares to 24.94 hectares Sale price: $440,000 to $650,000 Indicative land value: $225,000	The lower the sale price and indicative land value, the lower the fair value
Freehold land - 28 Bonds Road, Lower Plenty	$1,600,000	Recent sales of properties in similar locality closest in land size and contour of property being fair valued (14.59 hectares)	Area: 2.02 hectares to 2.73 hectares Sale price: $1.2 million to $1.4 million Size premium: 10% to 20%	The lower the sale price, the lower the fair value The lower the size premium, the lower the fair value

17. COMPANY DETAILS

The registered office of the company is:	The principal place of business is:
Odyssey House Victoria 660 Bridge Road Richmond Victoria 3121	Odyssey House Victoria 28 Bonds Road Lower Plenty Victoria 3093

18. SUBSEQUENT EVENTS

There have been no events subsequent to balance date, which require further disclosure or amendments to this financial report.

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) The company's bank has provided a guarantee of $50,000 as security for the premises that the company occupies. The bank holds term deposits as security for this guarantee. Other than the above, the company is not aware of the existence of any other contingent assets or liabilities.

(b) The ANZ Bank holds an undischarged mortgage over the company's property at 28 Bonds Road, Lower Plenty, Victoria.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and;

   (a) give a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date;

   (b) comply with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Mr Bruce C Hartnett AM

Chair

Dated 11 October 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Odyssey House Victoria

Report on the Financial Report

We have audited the accompanying financial report of Odyssey House Victoria, which comprises the statement of financial position as at 30 June 2016, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the directors' preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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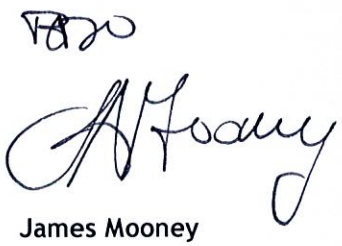
Opinion

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

(a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

BDO East Coast Partnership



James Mooney
Partner

Melbourne, 11 October 2016