ODYSSEY HOUSE VICTORIA

ABN 11 005 583 960

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

ODYSSEY HOUSE VICTORIA

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

Chair's Report for the 2017-18 Financial Year

Bruce C Hartnett AM

Each year, tens of thousands of Victorians are affected by their excessive use of alcohol or other drugs, or their struggle with addiction. Standing beside each one of them, are loved ones, brothers and sisters, mothers and fathers, partners and children, work colleagues and friends who are also affected, sometimes in tragic ways.

Odyssey House Victoria has been providing hope that change is possible for almost 40 years, and our reputation continues to increase, along with our successes. Our impact on the Victorian community has been bigger than ever in 2017-18, with another year of substantial growth and increased support across both our community and residential services.

Once again, the Victorian State Government has made a significant investment into the Alcohol and Other Drugs ("AOD") sector. As a result, Odyssey House Victoria has attracted new funding for a range of initiatives including family violence advisors, and programs for clients at risk of an overdose and for parents whose children are subject to a family reunification order. We also received funding for an additional 31 beds at our Lower Plenty residential program and for capital improvements.

In addition, the Commonwealth has funded Odyssey House Victoria to lead a consortium of providers including Djerriwarrh Health Services, cohealth, MacKillop Family Service, Hope St and Youth Projects to establish a new headspace service for young people in the City of Melton. Funded through the North Western Melbourne Primary Health Network, this new service will provide much needed mental health, drug and alcohol, primary health and vocational support to young people in one of Australia's fastest growing regions.

More than 7% of Odyssey House Victoria clients currently identify as Aboriginal and Torres Strait Islander, and we continue to work hard in this area to improve access, safety and the relevance of our programs. In this regard, Odyssey House was recently acknowledged through winning the 2017 Victorian Public Healthcare Award for Improving Indigenous Health.

Much focus over the previous year has been given to enhancing our facilities, with the establishment of new offices in Footscray and Melton, and upgrades to accommodation, toilets and bathrooms at Lower Plenty. Construction of a new Child and Family Centre at our Therapeutic Community was made possible with donations from Gandel Philanthropy, the Annie and John Patterson Foundation, the Jennifer Hutchins Family Trust, and the Merrin Foundation. The new centre was officially opened on 18 July 2018 by our Chief Patron, the Honourable Linda Dessau AC, Governor of Victoria, and will serve parents and their children for many years to come.

Odyssey House was one of the first organisations across Australia to receive accreditation under the new national Australian Therapeutic Communities Association standards, and together with our ISO9001 certification process, marks us as a quality service provider. In partnership with the Hope Restart Centre, the Victorian State Government has publically committed funding to Odyssey House to operate a new 30 bed residential rehabilitation program in Bairnsdale, once the facility is built in late 2019. Consequently, we have been laying the groundwork for the establishment of this program, and also for the expansion of our residential facility near Benalla to cater for the high demand.

Our programs continue to be flexible enough to respond to changing patterns of drug use, with crystal methamphetamine (Ice) being the primary presenting issue for around 36% of our clients, alcohol for 32%, Cannabis for 11% and Heroin for 9%, whilst the non-prescribed use of medications is often lurking in the background for many seeking our help.

This year, to better promote our work and to seek greater financial support, Odyssey House launched an advertising campaign on television, radio, outdoor signs and social media. To assist, we received significant pro bono support from OMD and several media networks. We also established a new joint position with Deakin University to better evaluate and communicate our outcomes.

I would like to thank all the Odyssey House Victoria staff and Board Directors for their hard work during such a busy and productive time. Together you have had an enormous and positive impact on the lives of many. Through careful and frugal management, we have recorded another strong financial result, due to in part to the maintenance of very low administration costs and the funding we received for new capital projects. This surplus, and those from previous years, have allowed us to invest in the new Child and Family Centre, and will assist us to contribute to new facilities in Benalla and Bairnsdale.

During the 2017-18 financial year, Odyssey House Victoria:

- Provided treatment and support to more than 10,000 individuals and families seeking help for their alcohol or other drug (AOD) problems, including residential rehabilitation to more than 700 people at our Lower Plenty and Benalla facilities;
- Maintained a high level of client satisfaction with our programs and services;
- Maintained strong partnerships with Uniting ReGen across the north and west areas of metropolitan Melbourne, with our SECADA consortium members in south east Melbourne, with GVADS in Shepparton, and with our Stepping Up consortium members in the Barwon and the Frankston/Peninsula regions;
- Delivered training to more than 450 students through the Odyssey Institute, including Drink and Drug Driving education programs and more than 170 new enrolments in our nationally accredited courses such as the Cert IV and Diploma in Community Services (AOD), Problem Gambling, and our Amphetamine Type Stimulant Training;
- Implemented a new Stretch Reconciliation Action Plan to enhance our commitment to closing the gap in health outcomes for Aboriginal and Torres Strait Islander peoples;
- Assisted people to achieve sustainable recovery through complimentary programs including mental health support, financial and gambling counselling, family counselling, and our *Kids In Focus* program;
- Continued to support at-risk young people in several of Melbourne's community and alternative schools, providing counseling, teacher support, and education programs;
- Presented our outcomes at conferences and in journal articles;
- Provided advice to government through a number of advisory committees and expert working groups;
- Contributed to a number of Boards and Committees including the Victorian Alcohol and other Drugs Association (VAADA), the Australasian Therapeutic Communities Association, and the Alcohol and other Drugs Council of Australia (ADCA);
- Maintained certification, and a high level of compliance with our ISO9001 Quality Management System and our Registered Training Organisation, following rigorous external audits;
- Continued to save the community an average of $1 million over their lifetime, for each person treated in our Melbourne residential facility.

Our partnerships with State and Federal Governments continue to transform people's lives, providing treatment and support, and breaking cycles of addiction. We welcome our relationships with the newly formed Primary Health Networks, who now commission much of the new Commonwealth AOD funding. Once again, we rely on and are deeply grateful for all those who provide resources and in-kind support. The Board, the staff, and most importantly, the people we assist thank the many undisclosed individuals and businesses who have provided financial support to Odyssey House Victoria this year, as well as the following Trusts and Foundations.

- Annie and John Paterson Foundation
- BB & A Miller Foundation
- The Flora & Frank Leith Charitable Trust
- Gandel Philanthropy
- Geok Hua Wong Charitable Trust
- Helen Macpherson Smith Trust
- The Jack Brockhoff Foundation
- Jennifer Hutchins Charitable Trust
- Joe White Bequest
- John T Reid Charitable Trusts
- The Lochtenberg Foundation
- Merrin Foundation
- Vincent Chiodo Charitable Foundation
- The William Angliss (Victoria) Charitable Fund

In addition to financial support, many other people and organisations have enabled us to operate successfully. They include:

- Our research partners - Deakin, LaTrobe, Melbourne, Swinburne, Griffiths, and Victoria Universities, and TurningPoint;
- Our consultant General Practitioners Dr. Madeline Philip and Dr. Greg Feen at Lower Plenty and Dr. Julian Fidge in Benalla;
- Our consultant psychiatrists Dr. Ranvir Sood and Dr. Chris Walshe;
- Our consultant psychologists JLA Consulting;
- Our pharmacists Thompson's Amcal Pharmacy (Eltham) & Jenny Milner Pharmacy (Benalla); and
- Our Ambassadors, Dennis Armfield and Laura Turner.

Lastly, we rely on our advisers, partners and those providing in kind support, who include.

- Aaron Short Awareness Association
- Alliance Fleet Services
- Anglicare Victoria
- Australian Drug Foundation
- Barwon Child, Youth & Family Services
- Benalla CWA
- Berry Street
- Broadmeadows Children's Court
- The Bouverie Centre
- Bruce Cochrane
- Caulfield Park and Sydney Road Community Schools
- Colin Jordan
- Daylesford Community Xmas Cheer
- Family Drug Support
- Financial and Consumer Rights Council Inc
- Financial Counselling Australia
- Goulburn Valley Health
- Imagenation
- Kids First
- Koori Court
- Legal Aid
- Matchworks
- National Centre for Education and Training on Addictions (NCETA)
- Northern Nexus
- North West Melbourne Primary Health Network
- Pinchapoo
- Reclink
- Ridge Developments
- Salvation Army (St.Kilda Crisis Centre, Wangaratta, Shepparton, Broadmeadows)
- Share The Dignity
- Shepparton Koori Court
- Stepping Up
- Stonnington Council
- Taskforce
- Today Tomorrow Foundation
- Uniting Victoria and Tasmania
- Victorian Alcohol And Drug Association
- 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
- Collingwood Neighbourhood Justice Centre
- Gateway Community Health
- Good Shepherd
- headspace Elsternwick & Shepparton
- Larter Consulting
- 360Edge
- Mackillop Family Services
- Magistrates Court/Melbourne Drug Court
- Ngwala Willumbong Ltd.
- North East Dual Diagnosis Service
- North & West Headspace
- OMD
- Planet Shakers Church
- Redbourne
- Road Runner Mobile Tyres
- South East Alcohol & Drug Services ("SEADS")
- Self Help Addictions Resource Centre
- South Eastern Primary Health Network
- Sue Blake
- Sunbury Community Health
- Tatong Football Club
- Templestowe Rotary Club
- Turning Point, Eastern Health

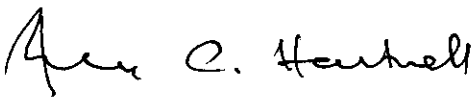
- Victorian Aboriginal Health Service
- Victorian Aboriginal Legal Service
- Victoria Police
- Western Gathering Place
- Windana
- Visionary Images
- Youth Support & Advocacy Service ("YSAS")
- Uniting ReGen
- Victorian Aboriginal Community Controlled Health Organisation
- Women's Alcohol and Drug Service
- Victorian Responsible Gambling Foundation
- Youth Projects

As we plan for another year of operation, we continue to face several challenges. The demand for our services remains very high, meaning we are not able to meet everyone's needs. Due to a workforce shortage, we also experience difficulties in recruiting sufficient qualified and experienced staff, and we must therefore invest significant resources in training and developing a new workforce from the ground up.

Our biggest challenge, however, is the ongoing task of reducing the stigma faced by individuals and their families impacted by addiction. The belief that people need to suffer the consequences of their drug use remains very high in the community and this limits people's capacity to seek professional help early or to get support from friends and family. It also impacts on our ability to garner community support for solutions that work.

It is a great honour to Chair the Odyssey House Board. It is both a privilege and a pleasure because of the excellent service that our CEO, Stefan Gruenert, and the Odyssey staff provide. The Board is actively engaged with the organisation and the significant expansion of our services and the geographical extension of residential rehabilitation and other services into rural and regional Victoria. And we are gratified by the financial support provided by loyal donors and from significant new donors as we are by the growing support from State and Federal Governments.

My deepest gratitude to you all.



Bruce C Hartnett AM
Chair

16 October 2018

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 2018.

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
Prof Margarita Frederico
Mr Bruce C Hartnett
Mr Brian J Mallon
His Honour Michael J Strong
Ms Deborah Dick (resigned October 2017)
Mr Shawn A Wolfe

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 $2,799,942 (2017: $888,357).

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.

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, 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 23 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), and still is an active member of the Moonee Valley 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 21 years has worked in the Department of Education and Training, Communications Division, as Coordinator of the Information and Referral Service. Rowena is a keen master athlete - 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 Chairman, Mr Bullard, a Barrister and Solicitor and Partner of Bullards is a retired Lt. Colonel of the Australian Army Reserve and a past Chairman 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 Brian J Mallon	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 former Executive Director of the Royal Children's Hospital Foundation.	
His Honour 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 Criminal Intelligence Commission as an Examiner. Michael is Chairman of Phoenix Australia Centre for Post-Traumatic Mental Health at the University of Melbourne and State President of Neighbourhood Watch Victoria. 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.	
Ms Hilary Chandler BBSc (Hons) MA (Clin Psych) MAPS	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.	
Mr Edgar S Doble	Ed has over 36 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.	

Information on Directors

Board Member	Experience	Special Responsibilities
Mr David Broadbent	David Broadbent is former newspaper and television journalist with more than 36 years' experience covering federal and state poltics. 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 (resigned October 2017)	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 25 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	Shawn has experience as an executive, project leader, commercial advisor and company director with a particular focus on government, regulated businesses, infrastructure and communities. He has been Chief Financial Officer at Peter MacCallum Cancer Centre and Goulburn Valley Water. Shawn has held senior positions with PricewaterhouseCoopers, KPMG and the Victorian Government. Past board memberships include Eltham College of Education, Habitat for Humanity, Northern Melbourne Regional Development Australia Committee and Yarra Ranges Regional Marketing Limited. Shawn is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia, has post-graduate qualifications in Applied Investment and Finance, and a Bachelor of Business (Acc). Shawn has worked across Australia, in London and Washington D.C.	Treasurer

Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Mr Bruce C Hartnett	7	7
Ms Rowena Allsop	7	6
Mr David E F Bullard	7	7
Assoc. Prof Margarita Frederico	7	3
Mr Brian J Mallon	7	3
His Honour Michael J Strong	7	4
Mr Hilary Chandler	7	6
Mr Edgar S Doble	7	5
Mr David Broadbent	7	6
Ms Deborah Dick (resigned October 2017)	3	0
Mr Shawn Wolfe	7	6

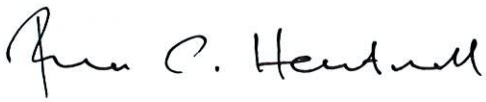
Members' Liability

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 10 (2017: 11) members.

Auditor Independence

The lead auditor's independence declaration for the year ended 30 June 2018 is set out on page 10.

Signed in accordance with a resolution of the board of directors



Mr Bruce C Hartnett
Chair
Dated 16 October 2018

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AUSTRALIA

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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions any applicable code of professional conduct in relation to the audit.

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 16 October 2018

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 2018

	Notes	2018 $	2017 $
Revenue	2	24,346,483	19,812,974
Finance costs		2,662	6,287
Employee benefits expense		12,695,510	10,732,768
Depreciation expense	3	265,267	252,688
Lease expenses		1,190,758	1,022,761
Utilities expenses		574,082	487,588
Resident food and personal needs		1,656,784	1,644,022
Motor vehicles expenses		277,231	217,324
Funding provided to partner organisations		2,704,113	2,824,355
Repairs and maintenance		571,255	634,708
Other expenses		1,608,879	1,102,116
Surplus before tax expense		2,799,942	888,357
Tax expense	1(b)	-	-
Surplus after tax expense		2,799,942	888,357
Other comprehensive income after tax		-	-
Total comprehensive income for the year		2,799,942	888,357

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 2018

	Notes	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	6	4,155,208	3,505,281
Trade and other receivables	7	663,884	604,801
Other assets	8	495,359	294,032
TOTAL CURRENT ASSETS		5,314,451	4,404,114
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,011,585	5,704,623
Other assets	8	420,943	420,943
TOTAL NON-CURRENT ASSETS		8,432,528	6,125,566
TOTAL ASSETS		13,746,979	10,529,680
CURRENT LIABILITIES			
Trade and other payables	10	1,043,993	956,777
Borrowings	11	-	65,208
Provisions	12	1,481,325	1,102,982
TOTAL CURRENT LIABILITIES		2,525,318	2,124,967
NON-CURRENT LIABILITIES			
Trade and other payables	10	57,454	-
Provisions	12	150,122	190,570
TOTAL NON-CURRENT LIABILITIES		207,576	190,570
TOTAL LIABILITIES		2,732,894	2,315,537
NET ASSETS		11,014,085	8,214,143
EQUITY			
Reserves		1,204,307	1,204,307
Retained surplus		9,809,778	7,009,836
		11,014,085	8,214,143

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 2018

	Asset Revaluation Reserve (1)	Retained Surplus	Total
	$	$	$
Balance as at 1 July 2016	1,204,307	6,121,479	7,325,786
Surplus after tax expense	-	888,357	888,357
Other comprehensive income	-	-	-
Total Comprehensive Income for the year	-	888,357	888,357
Balance as at 30 June 2017	1,204,307	7,009,836	8,214,143

	Asset Revaluation Reserve (1)	Retained Surplus	Total
	$	$	$
Balance as at 1 July 2017	1,204,307	7,009,836	8,214,143
Surplus after tax expense	-	2,799,942	2,799,942
Other comprehensive income	-	-	-
Total Comprehensive Income for the year	-	2,799,942	2,799,942
Balance as at 30 June 2018	1,204,307	9,809,778	11,014,085

(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 2018

	Notes	2018 $	2017 $
CASH FLOW FROM OPERATING ACTIVITIES			
State and Federal Government funding		18,616,930	16,510,694
Client fees		1,504,371	1,338,842
Payments to suppliers and employees		(23,027,549)	(21,337,118)
Donations and fundraising		839,127	469,810
Interest received		53,982	69,165
Finance costs		(2,662)	(6,287)
Other receipts received		5,303,165	3,251,688
Net cash provided by operating activities	14(b)	3,287,364	296,794
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(2,572,229)	(388,720)
Proceeds from sale of property, plant and equipment		-	7,727
Net cash used in investing activities		(2,572,229)	(380,993)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(65,208)	(67,406)
Net cash used in financing activities		(65,208)	(67,406)
Net increase/(decrease) in cash held		649,927	(151,605)
Cash and cash equivalents at beginning of financial year		3,505,281	3,656,886
Cash and cash equivalents at end of financial year	14(a)	4,155,208	3,505,281

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* and Australian Accounting Standards and Interpretations od the Australian Accounting Standards Board, 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 statements, except for the cash flow information, have been prepared on an accruals basis and are 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. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(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 depreciated 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 recognised 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 is recognised in respect of employees' service up to the reporting date and 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 2018 (2017: Nil).

(p) 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 2017 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.

(q) 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 2018. The new or amended Accounting Standards and interpretations, most relevant to the company, are AASB 9 Financial Instruments. The entity will adopt this standard from 1 July 2018 and the impact of this adoption is expected to be minimal.

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-profit Entities and AASB 16 Leases, do not become mandatory until the year ended 30 June 2020. The directors have considered the above pending standards and anticipate that the adoption of the new revenue and leasing standards will have a material impact on measurements and disclosure within the financial statements.

2. REVENUE

	2018 $	2017 $
State Government Grants (DHHS)	12,696,075	10,587,224
Other (non DHHS) Government Funding	2,406,499	2,351,532
Client fees	1,413,663	1,281,322
Other program income	4,522,749	2,710,025
Related party reimbursements	2,116,078	2,090,114
Donations and fundraising	839,127	469,810
Interest	53,982	69,165
Other revenue	298,310	253,782
	24,346,483	19,812,974

3. SURPLUS BEFORE TAX

	2018 $	2017 $
Result before income tax has been determined after charging as expenses:		
Depreciation of non-current assets		
- Buildings	29,048	34,232
- Leasehold improvements	5,309	721
- Motor vehicles	4,980	1,204
- Plant & equipment	48,579	51,926
- Improvements	177,351	164,605
Depreciation of property, plant and equipment	265,267	252,688
Remuneration of the auditors for:		
- Audit or review services	22,500	20,000
- Financial statement preparation	7,200	7,000
	29,700	27,000
Rental expense on operating leases	1,190,758	1,022,761
Superannuation contribution expense	1,000,709	869,234

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
Mr Brian J Mallon
His Honour Michael J Strong
Ms Deborah Dick (resigned October 2017)
Mr Shawn Wolfe

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 three 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 the year ended 30 June 2018 the company received $2,116,078 (2017: $2,090,114) 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 2018 is an amount of $100,000 (2017: $100,000), representing float funds provided by the Consortium for expenses paid on its behalf by the company.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 $	2017 $
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.		
Short-term employee benefits	864,330	814,920
Post-employment benefits	67,168	63,214
Total remuneration	931,498	878,134

6. CASH AND CASH EQUIVALENTS

Cash on hand	14,050	12,450
Cash at bank	4,141,158	3,492,831
	4,155,208	3,505,281

7. TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	663,884	604,801
	663,884	604,801

As at 30 June 2018, the ageing analysis of trade receivables is as follows:

	Current	30 days	60 days	90 days	Total
2018 - $	414,207	227,464	-	22,213	663,884
2018 - %	62%	35%	-	3%	100%
2017 - $	129,182	151,462	10,628	313,529	604,801
2017 - %	21%	25%	2%	52%	100%

Receivables past due but not considered impaired are $22,213 (2017: $313,529). 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.

8. OTHER ASSETS

	2018 $	2017 $
CURRENT		
Deposit for bank guarantee	88,587	78,635
Accrued income	375,598	191,819
Loan receivable Stepping Up Consortium	1,664	11,578
Security bond	29,510	12,000
	495,359	294,032
NON-CURRENT		
Licence for access rights	420,943	420,943

Odyssey House Victoria has entered into a tripartite deed for accommodation at the Melton Community Branch Ambulatory Care Centre currently under construction. Odyssey House Victoria will have access to space in the new building for 30 years from the date the facility receives a certificate of occupation.

9. PROPERTY, PLANT AND EQUIPMENT	2018 $	2017 $
LAND		
Freehold land		
At independent valuation	1,825,000	1,825,000
BUILDINGS		
At cost	1,452,419	1,452,419
Less accumulated depreciation	(427,406)	(398,358)
	1,025,013	1,054,061
LEASEHOLD IMPROVEMENTS		
At cost	563,648	25,120
Less accumulated depreciation	(27,963)	(22,654)
	535,685	2,466
PLANT AND EQUIPMENT		
(a) Plant and equipment		
At cost	1,735,864	1,707,386
Less accumulated depreciation	(1,655,446)	(1,606,867)
	80,418	100,519
(b) Improvements		
At cost	6,737,165	4,731,942
Less accumulated depreciation	(2,207,647)	(2,030,296)
	4,529,518	2,701,646
(c) Motor vehicles		
At cost	74,819	74,819
Less accumulated depreciation	(58,868)	(53,888)
	15,951	20,931
Total plant and equipment	4,625,887	2,823,096
Total Property, Plant and Equipment	8,011,585	5,704,623

(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 $
2018				
Balance at the beginning of the year	1,825,000	1,054,061	2,466	100,519
Additions	-	-	538,528	28,478
Depreciation expense	-	(29,048)	(5,309)	(48,579)
Carrying amount at the end of the year	1,825,000	1,025,013	535,685	80,418

	Motor Vehicles $	Improvements $	Total $
2018			
Balance at the beginning of the year	20,931	2,701,646	5,704,623
Additions	-	2,005,223	2,572,229
Depreciation expense	(4,980)	(177,351)	(265,267)
Carrying amount at the end of the year	15,951	4,529,518	8,011,585

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

2017	Freehold Land $	Buildings $	Leasehold Improvements $	Plant & Equipment $
Balance at the beginning of the year	1,825,000	1,088,293	3,187	152,445
Additions	-	-	-	-
Depreciation expense	-	(34,232)	(721)	(51,926)
Carrying amount at the end of the year	1,825,000	1,054,061	2,466	100,519

2017	Motor Vehicles $	Improvements $	Total $
Balance at the beginning of the year	-	2,499,666	5,568,591
Additions	22,135	366,585	388,720
Depreciation expense	(1,204)	(164,605)	(252,688)
Carrying amount at the end of the year	20,931	2,701,646	5,704,623

(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

	2018 $	2017 $
CURRENT		
Trade and other creditors	587,336	446,731
Unearned income	351,601	410,046
Stepping Up Consortium Float	100,000	100,000
Deferred lease incentive	5,056	-
	1,043,993	956,777
NON-CURRENT		
Deferred lease incentive	57,454	-

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	-	65,208

Assets pledged as security

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

		2018 $	2017 $
12.	**PROVISIONS**		
	CURRENT		
	Annual leave	782,189	664,418
	Long service leave	699,136	438,564
		1,481,325	1,102,982
	NON-CURRENT		
	Long service leave	150,122	190,570
		1,631,447	1,293,552

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	1,015,866	708,410
- later than one year and not later than five years	1,632,044	819,797
	2,647,910	1,528,207

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	14,050	12,450
Cash at bank	4,141,158	3,492,831
	4,155,208	3,505,281

(b) Reconciliation of cash flow from operations with surplus after income tax

Net surplus	2,799,942	888,357
Non-cash items included in the surplus:		
Depreciation	265,267	252,688
Bad debts expense	38,917	-
Gain on disposal of property, plant and equipment	-	(7,727)
Changes in assets and liabilities		
(Increase) in receivables	(98,000)	(64,193)
(Increase) in other assets	(201,327)	(615,666)
Increase/(decrease) in payables	144,670	(232,982)
Increase in provisions	337,895	76,317
Cash flow from operations	3,287,364	296,794

(c) Non-cash investing and financing activities

There were no non-cash investing or financing activities throughout the year (2017: $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 $41,552 and decrease by $41,552 respectively (2017: increase by $34,928 and increase by $34,928). This is 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
	%	$	$	$
2018				
Financial liabilities				
Trade and sundry creditors		1,043,993	-	1,043,993
Total financial liabilities		1,043,993	-	1,043,993
2017				
Financial liabilities				
Trade and sundry creditors		956,777	-	956,777
Bank loan	5.5	65,208	-	65,208
Total financial liabilities		1,021,985	-	1,021,985

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.

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:

2018	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**

2017	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**

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 2018	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Freehold land - 1619 Kilfeera Road, Benalla (Independent valuation dated 7 March 2016)	$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 including buildings: $440,000 to $650,000 Sale price land only: $185,000 to $273,000 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 (Independent valuation dated 4 March 2016)	$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% Sale price range adjusted for premium: $1.32 million to $1.68 million	The lower the sale price, the lower the fair value The lower the size premium, the lower the fair value

17. SUBSEQUENT EVENTS

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

18. 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.

(b) During the financial year ended 30 June 2018, the company utilised an indemnity bank guarantee. The amount of $104,016 was used from a facility provided by ANZ. Other than the above, the company is not aware of the existence of any other contingent assets or liabilities.

(c) 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 in the directors' opinion:

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 as set out on pages 11 to 28, 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 2018 and of its financial performance for the year ended on that date;

   (b) comply with Australian Accounting Standards.

2. 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 signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-Profits Commission Regulations 2013*.

Mr Bruce C Hartnett
Chair

16 October 2018

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AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the members of Odyssey House Victoria

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Odyssey House Victoria (the registered entity), which comprises the statement of financial position as at 30 June 2018, 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Odyssey House Victoria, is 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 2018 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards 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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the Financial Report

The directors of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors 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 directors either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

James Mooney
Partner

Melbourne, 16 October 2018