

2021/2022

ANNUAL REPORT

Arthritis
AUSTRALIAN CAPITAL TERRITORY
www.arthritisact.org.au

pain
support



2021/2022 has continued where the previous year left off, with all the challenges dealing with COVID, staff shortages, as many staff and their families succumbed to COVID which affected organisations across the sector, including Arthritis ACT. When we felt confident the first six weeks of the year, we were then hit with lockdowns in August further affecting our services. Through this time, it is amazing how the staff rallied, not only to provide services, to change models of delivery and to further support our members and service users. As a business we've had to constantly adapt and review, offering services online and on a one-to-one basis. Time has been taken to support distressed service users who could not always get the assistance they needed and our very valuable, but concerned staff.

Arthritis ACT successfully adapted program delivery to allow for variety through online programs that have continued for those that can't get out, however we have also made provision for those who could not join online from home. Rebecca and her staff did an astounding job and on behalf of the Board I want to thank them all for their patience, flexibility, and commitment in this time. Like many community organisations in Canberra, and nationally, the affects of the pandemic have had wide ranging effects on both our costs and service delivery. To keep sailing on this stormy sea is all we can do currently, and it has been a huge learning curve for us all. As a Board our task is to work with the CEO and the members, we represent to ensure this wonderful organisation remains relevant, has a pathway forward, and is viable.

As always, I would like to thank Bec Davey – CEO, for her foresight and leadership so that Arthritis ACT can continue to grow and meet the needs of the service users and members even through, what has been, another difficult year. I also would like to take the opportunity to thank the staff for their commitment to excellence and our small band of volunteers for the work they do every day for our community.

Thank you again to the Board for your expertise and commitment, it has been a pleasure to work with you all. I am sure we all look towards 2023 with a hope that the worst is behind us, and it is easier times ahead.

Carol Mead
Board Chair

FROM THE CEO

2021/2022 has continued to challenge us in a way that we never thought we could be challenged. A snap lockdown that led to essentially four months of not being able to do what we normally do, then repeated waves of COVID infections affecting both our members and our staff leading to further pseudo-lockdowns. As an organisational leader this has been the hardest year of my career. There have been so many long nights staring at spreadsheets, hoping, praying, begging for things to turn around. We have always known that the way we have been building our Foundation over the past 8 years has been primarily to bring meaningful support to people living with any form of arthritis, chronic pain and fatiguing condition. We have built up our staffing to meet the needs of the community and we have invested in our staff so as to provide the very best for our community members. The Board and I made the decision to retain our staffing levels throughout the darkest of days so that we could continue to provide the supports the community needed, and so that once the world reopened, we'd be ready to run alongside our community. We are not sorry that we made this decision, however it does mean we have to continue to work extremely hard to maintain our financial stability. We are, however, not afraid of this.

The other thing the lockdowns have done have exposed the fragility of the therapeutic hydrotherapy pool situation in the ACT. Hydrotherapy pools were allowed to remain open during the lockdowns because it was acknowledged how critical these are to people's wellbeing when affected by chronic pain conditions including arthritis. What was not considered, however, was that these pools are largely located in hospitals, which were closed to visitors including pool users, schools, that have had an ongoing reduction of access to community members, and swim schools, which could not justify the cost of running a pool when their main income stream was unable to access their services. We will continue to remind all levels of Government of the vital role hydrotherapy has in maintaining functionality in people living with chronic pain conditions.

I want express a huge thank you to our staffing team including our loyal volunteers. It really has been a tough year with more challenges than we could have ever imagined, and the staff have remained steadfast, loyal to both our clients and our rapidly increasing business. Our staffing group love our clients. They care, they cry, they have sleepless nights because of the distress they share with our clients. The Canberra Region community is fortunate to have every single one of them.

Finally to our clients. You are the reason we do what we do. Every day you teach us something new. Thank you for putting your trust in us, and letting us walk beside you as you navigate your challenges in life.

Rebecca Davey

Hydrotherapy

Hydrotherapy remains a part of the political discourse in the ACT thanks to the work our dedicated pool users have undertaken supported by our office staff. Our Government and the associated bureaucrats do know the impact of hydrotherapy on the individual and their chronic disease state. The ACT does not currently have a Chronic Pain Strategy in place, and this is unacceptable, and the Chronic Disease Strategy appears to have also not been renewed. The lack of strategic forethought into preventative health and chronic health measures in the ACT continues to have real impact in the ACT. If we had properly funded pools available to the community and located in accessible areas ie not within hospitals, this vital service which has been accepted by Government as an essential service would actually be able to keep operating at all times of the year, and despite pandemic. It really is time for Government to solve this problem once and for all, and to ensure that there is adequate facilities to meet the needs of the ACT community.

This financial year, Arthritis ACT has provided:

- 1706 self lead hydrotherapy sessions to 11,275 client visits.
- 114 instructor lead hydrotherapy sessions to 811 client visits
- over 1000 1:1 hydrotherapy sessions to people on the NDIS, My Aged Care and DVA as well as many who self-fund this support.

Demand for our hydrotherapy sessions has outstripped supply by 3:1 and during this financial year we have ceased advertising hydrotherapy due to our inability to maintain supply. People come to us because our hydrotherapy service is affordable. Whilst there are other private providers in the marketplace, the difference is the price point. If you need a therapy 3, 5 even 7 days a week, you cannot afford to be paying \$25-125 a session which is the pricing range in the for-profit sector. This is why it is essential that Government supports this essential service to ensure appropriate health care for the most vulnerable ACT residents.

Arthritis, Pain Support & ME/CFS ACT calls on the ACT Government to expedite the construction of a full time specialist hydrotherapy pool, and to enter into true commitments to improve access to services on the Northside. The demand for increased services on the Northside is now currently outstripping supply by 4:1 and this demand only continues to grow.



NDIS Supports

When the NDIS was first announced it was seen as a win for people living with disability, to have choice and control over their futures. It has been well documented how this has not panned out as planned. For people living with musculoskeletal disease that leads to permanent disability, to people living with long term chronic pain who have exhausted all medical interventions, to people living with long term ME/CFS who have no clear picture of a future without ME/CFS, dealing with the NDIS is a dispiriting, and often emotionally destructive process. It doesn't even seem to matter whether an individual has received supports from the NDIS or is still fighting to be accepted, it is an exhausting process of proving your disability, proving your needs for supports, proving that you are not 'routing' the system, and it never seems to end.

Arthritis, Pain Support & ME/CFS ACT has stepped in to assist our members to gain access to a low cost OT functional assessment to assist in gaining access to the NDIS. We work with medical teams to get the letters required to prove a person's disability. We have now also stepped in to provide support co-ordination to many of our clients as so many of the support co-ordinators out in the community do not understand the unique effect of the disability our members live with. We didn't do this because we thought we could make an income stream, we did this because people needed support. We also work with plan managers, LAC's and the NDIA itself to continuously educate staff in those areas as to the impact and ongoing decline in ability people living with arthritis, chronic pain and ME/CFS live with. We call on all levels of Government to improve the NDIS processes to make them enabling to people living with permanent disability, not this current emotionally destroying process that rewards the person who can afford to fund the best reports to allow them to gain the best funded supports.

Strength & Balance



Our program was initially funded through the Health Promotions program for three years, and then on the basis of the outcomes of this Arthritis Australia had it funded Australia wide for 2 years through Sports Australia. This financial year the program has been unfunded. We have had to raise fees which has had an impact on some attendees, and some of our attendees are able to be sponsored through philanthropic gifts. This program has outstanding outcomes. No one that attends this program has gone on to have a fractured neck of femur, an outcome that is expensive for the health system and is usually life limiting. Our clients, many of whom are socially isolated, find 'their people' and form friendships that they carry back into the rest of their lives. We need Governments to make a commitment to continuously funding programs that they fund as pilots and are then evaluated as part of the initial funding as being of such good value.

Arthritis, Pain Support & ME/CFS ACT provides a large range of Allied Health Services to the community. Our aim is to make access to allied health affordable. You should not be unable to gain allied health support because you cannot financially afford it, and waiting periods in the public health system are too extreme. In fact, many areas of the public health system refer clients to our services because they know they can't meet the individual's needs in a timely manner, and they know that one way or another we will find a way to provide the support that the individual requires. None of our allied health services are funded externally. All our services are maintained through a user pays system. We often receive negative feedback from the private system that we 'don't charge enough - we put too much competition into the system'. Our response is constantly, there are plenty of people around who can afford to pay higher prices and benefit from a different service structure to that which we offer. We cannot let people live in our community who are unable to access any services due to pricing, and as such, we will do everything we can to provide our services to those who need them the most.

The services provided by Arthritis, Pain Support & ME/CFS ACT include:

Physiotherapy: We have 3 GLA:D trained physiotherapists who operate out of our Pearce and our Bruce offices. In addition, our physiotherapists provide a full range of services to people living with chronic pain, injuries, post-operative rehabilitation, and support prior to surgery.

Occupational Therapy: Our occupational therapist provides assistance with home, workplace and car modifications. Our OT has undertaken the specialised driver assessment training and can assist those requiring specialist intervention to either keep them on the road or get them on the road. Our OT is also instrumental in supporting our members with functional review to assist them to gain access to various levels of support including the DSP, NDIS and with issues around Housing.

Dietetics: Food is medicine and eating is social. Whether it is about losing weight to improve your pain and health outcomes, gaining weight to lessen your risk of osteoporosis, improving your nutritional absorption, or just understanding how to read food packaging labels, our dietitian can support you.

Exercise Physiology: Our EP's are found in nearly all our programs. You will meet them at the pools, you will see them in our gyms, in our Strength and Balance Program, out Nordic Walking, and providing education sessions. Exercise is also medicine, and these professionals are best suited to help you build exercise into your everyday life to improve your pain levels and lead to a more fulfilling lifestyle.

Art Therapy and Counselling: Art Therapy is a method of counselling through creativity. This is useful in eliciting emotional blockages but also in forming a new narrative and way forward for many clients. You do not have to be at all 'creative' to participate in Art Therapy. In addition to Art Therapy, Build a Better Me has also supported a counselling student this financial year and we also have a relationship with a no-cost to clients counsellor to support our clients.

Juvenile Arthritis

The ACT continues to be poorly serviced for children with musculoskeletal conditions and pain. Government continues to ignore our calls for increased local resourcing. For many years Arthritis ACT have been educating the Government on both the need for specialist paediatric rheumatology services in the ACT and have even offered solutions. In the coming year Dr Kathy Tymms who has been providing paediatric services will retire, leaving an even bigger hole to services in the ACT. Last year we participated in a review of paediatric services through Health Consumers. We have seen no proactive outcomes as a result of this review. So for yet another year the majority of ACT families with children with juvenile arthritis continue to drive up and down the Highway to Sydney, sometimes every month, to receive care.

Arthritis ACT continues to assist families on an individual level however without adequate services in the ACT we will never have a 'community' who receive care here. This leads to families being even more isolated without a sense of having others around them who are living the dream as well. We had been in the planning process with Arthritis Australia to set up a family camp for families affected by Juvenile Arthritis, however due to the pandemic these plans have all had to be shelved as the Commonwealth Government is eager ensure funds are spent within a timeframe and continuing deliberations between the various states and territories and juvenile arthritis groups have lead to many ideas but no plans. Too many cooks in the kitchen so often lead to lesser outcomes for the public, and this is unfortunate. Moving forward it would be good to see everyone working together for better outcomes for our children rather than being more concerned about their own organisations and interest groups.



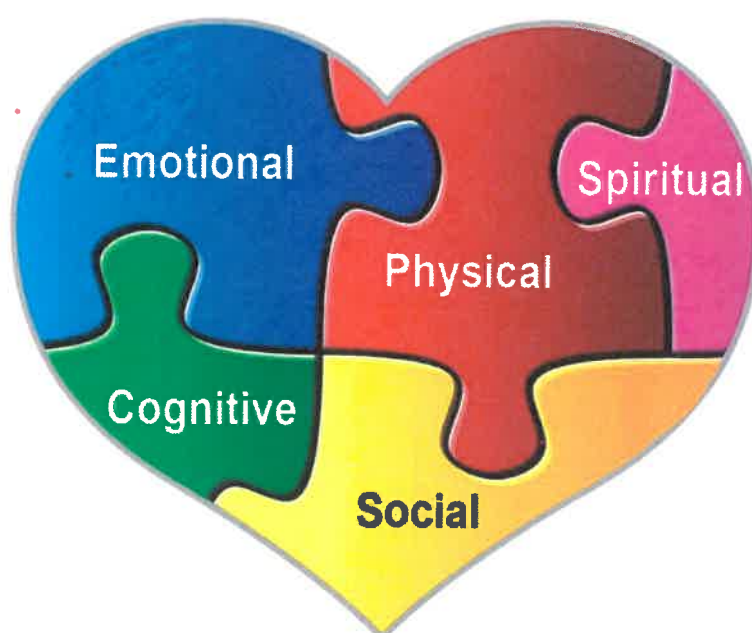
Pain Support

Pain Support continues to be an integral part of our Foundation. Realistically most people come to us because they have chronic pain and they need support to deal with it. Supported by a reference committee and a co-opted position on the Board, the Pain Support work has become a focus of all the work undertaken at Build a Better Me.

People who live with chronic pain but with no absolute diagnosis are often the most overlooked people in all our community support systems. It is difficult for this group of people to gain access to the NDIS and DSP, it is often difficult for those that have had to leave the workforce to gain access to their superannuation and/or private salary insurances due to the unclear and misunderstood nature of chronic pain. It often takes a person years to get adequate supports, even to gain appropriate medical practitioner support. Chronic pain is complex, it involves the social, emotional, physical, spiritual and cognitive aspects of our lives. People become isolated, they lose relationships not just with the outside world, but often within their own families as both they and their loved ones struggle to understand what is happening.

We attempt to meet a person where they are at the point in time that we meet them. Our nurses, our allied health team, even our peer members, will rally around the individual, providing them with practical supports, a listening ear, friendship, a place to download that is safe. We also run a regular schedule of community talks to bring together not just experts in certain fields to 'teach us' what to do to get a better hold on chronic pain, but also to share experiences and opportunities. Sometimes the best supports are other people who have gone through similar experiences who can help support peers as they explore the best possible solutions for themselves.

Below is an illustration of how pain can affect the individual.



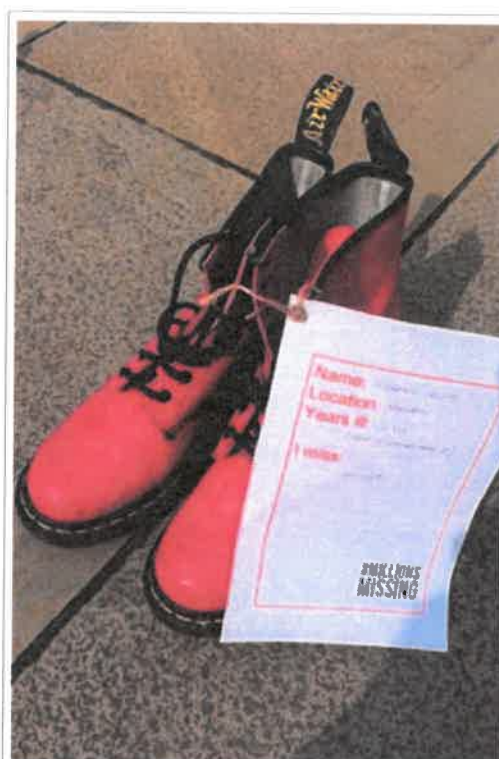
ME/CFS ACT

ME/CFS ACT officially united with Arthritis and Pain Support ACT in November 2020 and it has gone from strength to strength from there. With a broader staff base learning so much more about assisting those living with ME/CFS and the ME/CFS community having a much broader suite of programs they can access both because we have reduced the amount of our funding that needs to go out on straight administrative requirements and because we have a larger pool of resources we can now utilise. We are now also providing services to many living with Long Covid.

This financial year we've had 3 Self Help Course which Robyn continues to update and adapt according to the changing needs of the community and the world in which we live. We now have 4 online support groups that meet each week as well as fortnightly face to face catch ups for those that can and want to get out. We've also been able to assist many members to access the NDIS, DSP and specialty medical support.

ME/CFS ACT works closely with Emerge, the Peak Body for ME/CFS in Australia, and in particular we have been working with Emerge to circulate the information around GP and Allied Health Professionals on the ThinkGP website and the new pathway program that is being pushed through GP networks. The beauty of this education package is registered health providers receive training points which is required for their ongoing registration for completing the program, but the program also gives a very good overview of what to expect and how to diagnose ME/CFS. It is also a really good resource for anyone in the community - you don't have to be an allied health or medical to undertake this training and it will provide anyone with a really good summary of the issues that people living with and people caring for people living with ME/CFS confront every single day.

As with Pain Support, ME/CFS has its own reference group and co-opted position on the Board as well as all financial members living with ME/CFS being able to stand for the Board.





**UNIVERSITY OF
CANBERRA**

Health Practitioner Training/Research

Arthritis, Pain Support & ME/CFS ACT have undertaken joint research projects with various universities across Australia in the areas of Rheumatology and ME/CFS during the year. In addition, we have worked with Allied Health students from the University of Canberra to provide clinical placements in OT, Exercise Physiology, Counselling and Physiotherapy.

Thank You

Thank you to our Board for providing another year of oversight of this wonderful organisation.
Without you we literally cannot exist.

Carol Mead: Chair Hugh Watson: Secretary & Deputy Chair Adam Cooper: Treasurer
Alistair Nitz, Margaret McCullough, Rick Lord, Libby Steeper, Katy Jones

Thank you also to our amazing staff team who work day and night to bring the best possible services to our community.

Erica Roughton (Dietition), Rohit Bahtra (OT), Sophie Bullock (EP), Blake Dean (EP), Gwen Estigoy (EP), Natasha Perry (ES), Rhondda Bell (Art Therapist), Jacqui Couldrick (Physio), Kwong Yan Cheung (Physio), Richard Costin (Physio), Linda Spurrier (RN), Robyn Harris (ME/CFS), Natalie Bice, Grace Davey, Will Browne, Ben Dichiera, Conor Pratt, Jenette Watson, Lindy Hedgecoe, Holly Hazelwood, Amy Cooper, Tarnee Dymock

Finally, thank you to all who have made donations to organisation to allow us to meet the needs of those cannot afford to pay for support and to run programs at a lower cost to allow people to attend more therapy more often. In particular a special thank you to the Shakespeare Family Trust for their donation which makes a huge difference to so many people in our organisation and to the Snow Foundation who provide one off grants to individuals who our OT identifies as needing particular equipment but the individual has no capacity to purchase this. This makes a lasting difference to the lives of so many. Thank you.



Treasurer's Report

Arthritis, Pain Support & ME/CFS ACT has continued to work hard as our community continued to be severely affected by the COVID19 Pandemic. This financial year has been the hardest of the 3 years that have been impacted by the pandemic. The actual lockdown of 12 weeks and then the ongoing pseudo lockdowns complicated further by 2 waves of Covid sweeping across our community have had a severe financial impact on our Foundation.

We know we are not alone in this situation as we note most charities in the same areas as ours are grappling with the same issues. As a Board we made the decision to continue to support our staff because we knew this would come to an end. Over this financial year we have seen significant resignations in many fields and health and charity businesses have not been immune to this. We wanted to support our staff so that we had the ability to continue to provide services to those that were most isolated and so that as we came out the other side of this health crisis we had a team that could meet the needs of the community.

We firmly believe that is what we are here to do. Our bottom line this year is not strong, but the work we undertook and can continue to undertake because we made the decisions we made, is strong. Like all other small businesses in the present climate, we will now work hard to rebuild our financial position whilst providing the very best services we can to the Canberra community.

It should be noted that changes to financial reporting practices have a continuing material affect on the outcome of the books at the end of the financial year. The change in the accounting standard means that we are now required to reflect the full value of the lease and right of use to the organisation. This means the rent reflected in the statement of profit and loss is \$ 75,000 greater than the actual cash flow represented

Finally, I would like to thank the regular donors to our organisation. The Shakespeare Family Trust have continued to support our community and these funds have a significant impact on the work we are able to do with people who cannot afford services. We have also been grateful recipients of a Chief Minister's Fund (Hands Across Canberra) grant to support people who need assistance with their mental health and we'd also like to recognise the assistance the Snow Foundation have made directly to many of our clients on referral from our OT to access equipment they need to improve their quality of life. Thank you too, to the support of Nexis Accountants and to our Auditors Hardwickses for their assistance throughout the year. I commend the annual financial reports to our membership

Adam Cooper

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Financial Statements

For the Year Ended 30 June 2022

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Contents

For the Year Ended 30 June 2022

	Page
Financial Statements	
Committee's Report	1
Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012	2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Responsible Persons' Declaration	25
Independent Audit Report	26

Arthritis Foundation of the ACT Inc

ABN: 25 638 506 729

Committee's Report For the Year Ended 30 June 2022

The directors present their report on Arthritis Foundation of the ACT Inc for the financial year ended 30 June 2022.

General information

Directors

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

Names	Position	Appointed/Resigned
Carol Mead	Chair	
Adam Cooper	Treasurer	
Hugh Watson	Deputy Chair/Secretary	Appointed 3 November 2021
Pam Rosser	Deputy Chair/Secretary	Resigned 3 November 2021
Libby Steeper	Ordinary Member	
Margaret McCulloch	Ordinary Member	
Alistair Nitz	Co-opted Pain Support Member	Appointed 3 November 2021
Richard Lord	Ordinary Member	
Katy Jones	Ordinary Member	Appointed 3 November 2021

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

Principal activities

The principal activity of the Association during the financial year was to provide support services to people with arthritis, chronic pain conditions and chronic fatiguing conditions.

Significant changes

No significant change in the nature of these activities occurred during the year.

Operating result

The loss of the Association for the financial year amounted to \$ (238,627)(2021: \$ (109,467)).

Events after the reporting date

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

Signed in accordance with a resolution of the Members of the Committee:

Committee member: 

Committee member: 

Dated 15.11.2022

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Directors of Arthritis Foundation of the ACT Inc

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

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

Hardwickes
Chartered Accountants



Bhaumik Bumia CA
Partner

Dated: 15.11.2022

Canberra

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 728

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue and other income	4	1,408,754	1,470,432
Counselling		(480)	(9,000)
Course and venue expenses		(2,910)	(4,316)
Depreciation - plant and equipment	7(a)	(13,544)	(12,415)
Depreciation - Right-to-use asset	8	(43,716)	(37,104)
Employee benefits expense		(1,293,339)	(1,129,683)
Finance costs	8	(9,471)	(7,729)
Marketing and promotional expenses		(52,394)	(69,080)
Other expenses		(88,555)	(117,925)
Professional fees		(27,514)	(33,875)
Rent expense		(31,476)	(59,600)
Warm water expenses		(74,352)	(88,553)
Yoga expenses		(9,630)	(10,620)
(Loss) before income tax		(238,627)	(109,468)
Income tax expense		-	-
(Loss) for the year		(238,627)	(109,468)
Other comprehensive income			
Fair value movements on Investments held at FVOCI		-	42,777
Other comprehensive income for the year		-	42,777
Total comprehensive income for the year		(238,627)	(66,691)

The accompanying notes form part of these financial statements.

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Statement of Financial Position**As At 30 June 2022**

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	105,145	152,257
Trade and other receivables	6	19,364	24,913
Other financial assets	9	24,615	245,171
Other assets	10	15,525	27,553
TOTAL CURRENT ASSETS		164,649	449,894
NON-CURRENT ASSETS			
Plant and equipment	7	40,851	45,891
Right-of-use assets	8	65,574	109,290
TOTAL NON-CURRENT ASSETS		106,425	155,181
TOTAL ASSETS		271,074	605,075
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	53,613	91,707
Lease liabilities	8	46,624	40,546
Employee benefits	13	119,051	96,451
Other financial liabilities	12	-	39,335
TOTAL CURRENT LIABILITIES		219,288	268,039
NON-CURRENT LIABILITIES			
Lease liabilities	8	25,578	72,201
TOTAL NON-CURRENT LIABILITIES		25,578	72,201
TOTAL LIABILITIES		244,866	340,240
NET ASSETS		26,208	264,835
EQUITY			
FVOCI reserve	14	-	41,204
Retained earnings		26,208	223,631
TOTAL EQUITY		26,208	264,835

The accompanying notes form part of these financial statements.

Arthritis Foundation of the ACT Inc

ABN: 25 638 506 729

Statement of Changes in Equity For the Year Ended 30 June 2022

2022

Balance at 1 July 2021

(Deficit) for the year

Transfers from FVOCI to retained earnings

Balance at 30 June 2022

Retained Earnings	FVOCI reserve	Total
\$	\$	\$
223,631	41,204	264,835
(238,627)	-	(238,627)
41,204	(41,204)	-
26,208	-	26,208

2021

Balance at 1 July 2020

(Deficit) for the year

Total other comprehensive income for the year

Balance at 30 June 2021

Retained Earnings	FVOCI reserve	Total
\$	\$	\$
333,099	(1,573)	331,526
(109,468)	-	(109,468)
-	42,777	42,777
223,631	41,204	264,835

The accompanying notes form part of these financial statements.

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,438,663	1,587,038
Payments to suppliers and employees		(1,649,878)	(1,551,470)
Interest received		2,067	98
Net cash (used in)/ provided by operating activities	17	<u>(209,148)</u>	<u>35,666</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investment		225,920	41,789
Dividends received		-	7,248
Purchase of plant and equipment	7(a)	(8,505)	(35,221)
Purchase of term deposit		(5,364)	(14,251)
Net cash provided by / (used in) investing activities		<u>212,051</u>	<u>(435)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principle repayments of lease liabilities		(50,015)	(50,075)
Net cash (used in) financing activities		<u>(50,015)</u>	<u>(50,075)</u>
Net (decrease) in cash and cash equivalents held		(47,112)	(14,844)
Cash and cash equivalents at beginning of year		152,257	167,101
Cash and cash equivalents at end of financial year	5	<u>105,145</u>	<u>152,257</u>

The accompanying notes form part of these financial statements.

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Notes to the Financial Statements For the Year Ended 30 June 2022

The financial report covers Arthritis Foundation of the ACT Inc as an individual entity. Arthritis Foundation of the ACT Inc is a not-for-profit Association, registered and domiciled in Australia.

The functional and presentation currency of Arthritis Foundation of the ACT Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

Operating grants and donations

When the Association receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Association:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Specific revenue streams (continued)

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Association recognises income in profit or loss when or as it satisfies its obligations under the contract.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

Membership subscriptions

When the Association receives membership subscription income it records the revenue in the subscription year the income relates to in accordance with AASB 15. The subscription year goes from 1 July to 30 June. If income is received before 30 June relating to the next subscription year the deferred income is recognised as a liability in the financial statements.

Interest income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(b) Income Tax

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

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(c) Goods and services tax (GST) (continued)

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

(d) Plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Depreciation

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

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

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

Fixed asset class	Depreciation rate
Plant and Equipment	20%-33%
Leasehold improvements	2.5%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(e) Financial Instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

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

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- **amortised cost**
- **fair value through profit or loss - FVTPL**
- **fair value through other comprehensive income - equity instrument (FVOCI - equity)**

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income - Equity instruments

The Association has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Association has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Association does not hold any assets that fall into this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Financial assets (continued)

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables and lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

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

(h) Leases

Right-of-use asset

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(h) Leases (continued)

Right-of-use asset (continued)

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Employee benefits

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

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

(j) Economic dependence

Arthritis Foundation of the ACT Inc is dependent on the ACT Health Directorate (ACTHD) for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the ACT Health Directorate (ACTHD) will not continue to support Arthritis Foundation of the ACT Inc.

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Association where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	30 June 2024	The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.	The amendment is not expected to have a material impact on the financial statements once adopted.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	30 June 2023	AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.	The impact of the initial application is not yet known.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	30 June 2023	The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).	The impact of the initial application is not yet known.

3 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key estimates - Impairment of plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgements (continued)

Key estimates - Fair value of financial instruments

The Association has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - Receivables

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

4 Revenue and Other Income

	2022	2021
	\$	\$
Revenue from contracts with customers (AASB 15)		
- ACT Health Contract	526,963	442,332
- Member subscriptions	31,297	35,952
- Other grants and projects	274,218	135,199
- Fee for services	475,794	381,523
- Warm water exercise	53,793	52,056
	<u>1,362,065</u>	<u>1,047,062</u>
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)		
- ACT COVID-19 Stimulus	-	15,000
- Job Keeper Payment	-	118,500
- Cash Flow Boost	-	37,500
- Other income	4,230	6,802
- Interest - investment	3,470	7,346
- Donations	38,989	238,222
	<u>46,689</u>	<u>423,370</u>
Total Revenue and other income	<u>1,408,754</u>	<u>1,470,432</u>

5 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	104,784	151,927
Other cash and cash equivalents	361	330
Note 15	<u>105,145</u>	<u>152,257</u>

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Notes to the Financial Statements For the Year Ended 30 June 2022

6 Trade and other receivables

	Note	2022 \$	2021 \$
CURRENT			
Trade receivables		19,064	32,457
Provision for doubtful debts		-	(7,844)
		<u>19,064</u>	<u>24,613</u>
UC Bond		300	300
Total current trade and other receivables	15	<u>19,364</u>	<u>24,913</u>

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

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

7 Plant and equipment

	2022 \$	2021 \$
Furniture and Equipment		
At cost	22,353	19,524
Accumulated depreciation	(17,194)	(12,881)
Total furniture and equipment	<u>5,159</u>	<u>6,643</u>
Office equipment		
At cost	5,674	5,674
Accumulated depreciation	(1,992)	(857)
Total office equipment	<u>3,682</u>	<u>4,817</u>
Computer equipment		
At cost	34,862	32,666
Accumulated depreciation	(27,945)	(20,454)
Total computer equipment	<u>6,917</u>	<u>12,212</u>
Leasehold improvements		
At cost	25,930	22,450
Accumulated amortisation	(837)	(231)
Total leasehold improvements	<u>25,093</u>	<u>22,219</u>
Total plant and equipment	<u>40,851</u>	<u>45,891</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

7 Plant and equipment (continued)

(a) Movements in carrying amounts of plant and equipment

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

	Furniture and Equipment \$	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Total \$
Year ended 30 June 2022					
Balance at the beginning of year	6,643	4,817	12,212	22,219	45,891
Additions	2,829	-	2,195	3,480	8,504
Depreciation expense	(4,313)	(1,135)	(7,490)	(606)	(13,544)
Balance at the end of the year	5,159	3,682	6,917	25,093	40,851

	Furniture and Equipment \$	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Total \$
Year ended 30 June 2021					
Balance at the beginning of year	8,972	2,449	11,664	-	23,085
Additions	2,096	3,200	7,475	22,450	35,221
Depreciation expense	(4,425)	(832)	(6,927)	(231)	(12,415)
Balance at the end of the year	6,643	4,817	12,212	22,219	45,891

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

**Notes to the Financial Statements
For the Year Ended 30 June 2022****8 Leases****(a) Right-of-use assets**

	Buildings	Total
	\$	\$
Year ended 30 June 2022		
At cost	131,148	131,148
Accumulated depreciation	(65,574)	(65,574)
Balance at end of year	65,574	65,574
	Buildings	Total
	\$	\$
Year ended 30 June 2021		
At cost	131,148	131,148
Accumulated depreciation	(21,858)	(21,858)
Balance at end of year	109,290	109,290

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	Total
	\$	\$	\$
2022			
Lease liabilities	46,624	25,578	72,202
2021			
Lease liabilities	40,546	72,201	112,747

(c) Income Statement**Statement of Profit or Loss and Other Comprehensive Income**

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Association is a lessee are shown below:

	2022	2021
	\$	\$
Interest expense on lease liabilities	(9,471)	(7,729)
Depreciation of right-of-use assets	(43,716)	(37,104)
	(53,187)	(44,833)

Arthritis Foundation of the ACT Inc

ABN: 25 536 506 729

Notes to the Financial Statements For the Year Ended 30 June 2022

8 Leases (continued)

(d) Statement of Cash Flows

	2022	2021
	\$	\$
Total cash outflow for leases	(50,015)	(50,075)

9 Other Financial Assets

	Note	2022	2021
		\$	\$
CURRENT			
Term deposit	15	24,615	19,251
Portfolio Investment	15	-	225,920
Total		24,615	245,171

10 Other Assets

	2022	2021
	\$	\$
CURRENT		
Accrued income	1,429	26
Prepayments	14,096	27,527
Total	15,525	27,553

11 Trade and Other Payables

	Note	2022	2021
		\$	\$
CURRENT			
Trade payables	15	-	2,915
GST payable		3,470	3,643
Accrued expense	15	25,545	69,028
Superannuation payable		136	-
PAYG payable		24,462	16,121
Total		53,613	91,707

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

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Notes to the Financial Statements For the Year Ended 30 June 2022

12 Other Financial Liabilities

	2022	2021
	\$	\$
CURRENT		
Income received in advance	-	39,335
Total	-	39,335

13 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provision for annual leave	119,051	96,451
	119,051	96,451

14 Reserves

	2022	2021
	\$	\$
FVOCI reserve		
Opening balance	-	(1,573)
Revaluation increment/(decrement)	-	42,777
	-	41,204

FVOCI reserve

The FVOCI reserve records movements in the fair value and gain or loss on disposal of financial assets designated as FVOCI.

15 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Notes to the Financial Statements

For the Year Ended 30 June 2022

Financial Instruments used

The principal categories of financial instrument used by the Association are:

- Trade and other receivables
- Cash at bank
- Trade and other payables

	Note	2022 \$	2021 \$
Financial assets			
Held at amortised cost			
Cash and cash equivalents			
Trade and other receivables	5	105,145	152,257
Term deposit	6	19,364	24,913
Fair value through Other Comprehensive Income (OCI)	9	24,615	19,251
Portfolio Investment	9	-	225,920
Total financial assets		149,124	422,341
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	11	25,545	71,943
Total financial liabilities		25,545	71,943

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Arthritis Foundation of the ACT Inc's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Arthritis Foundation of the ACT Inc's activities.

The day-to-day risk management is carried out by Arthritis Foundation of the ACT Inc's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Executive Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate movements.

The Board of Directors receives reports when necessary which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will encounter difficulty in meeting its financial obligations as they fall due.

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Notes to the Financial Statements

For the Year Ended 30 June 2022

Liquidity risk (continued)

The Association's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Association maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Association manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

The Association has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Association's standard payment and delivery terms and conditions are offered. The Association review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Notes to the Financial Statements For the Year Ended 30 June 2022

instruments. The Association is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Association to interest rate risk are limited to listed shares, and cash and cash equivalents.

16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Arthritis Foundation of the ACT Inc during the year amounted to \$164,211 (2021: \$152,366):

17 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities:

	2022	2021
	\$	\$
(Deficit) for the year	(238,627)	(109,467)
Cash flows excluded from profit attributable to operating activities		
- finance costs on lease liability	9,471	7,729
- investment income	-	(7,248)
Non-cash flows in profit:		
- depreciation	57,260	49,519
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	4,146	61,333
- (increase)/decrease in prepayments	13,431	4,714
- increase/(decrease) in income in advance	(39,335)	(8,407)
- increase/(decrease) in trade and other payables	(38,094)	13,583
- increase/(decrease) in employee benefits	22,600	23,910
Cashflows from operations	(209,148)	35,666

18 Events after the end of the Reporting Period

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Association to continue operations as usual and has impacted on its operating results. In accordance with national guidelines, the Association has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Association has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak and has risk mitigation strategies in place with regards to COVID-19 outbreaks and other ongoing impacts.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

**Notes to the Financial Statements
For the Year Ended 30 June 2022**

19 Statutory Information

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

Arthritis Foundation of the ACT Inc
Building 18
170 Haydon Drive
Bruce ACT 2617

Arthritis Foundation of the ACT Inc

ABN: 25 538 506 729

Responsible Persons' Declaration

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

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

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

Responsible person



Responsible person



Dated 15.11.2022

Arthritis Foundation of the ACT Inc

Independent Audit Report to the members of Arthritis Foundation of the ACT Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Arthritis Foundation of the ACT Inc, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

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

- (i) giving a true and fair view of the Registered Entity's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities 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, the responsible persons are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.





6 Phipps Close Deakin ACT 2600
PO Box 322 Curtin ACT 2605

T 02 6282 5999

F 02 6282 5933

E info@hardwickes.com.au

www.hardwickes.com.au

Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme
approved under Professional
Standards Legislation

Arthritis Foundation of the ACT Inc

Independent Audit Report to the members of Arthritis Foundation of the ACT Inc

Auditor's Responsibilities for the Audit of the Financial Report

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

Hardwickes
Chartered Accountants

Bhaumik Bumia CA
Partner

15.11.2022
Canberra



CHARTERED ACCOUNTANTS