

Skin Health Institute Inc.

ABN: 58 895 584 259

Financial Statements

For the Year Ended 30 June 2021

Skin Health Institute Inc.

ABN: 58 895 584 259

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Skin Health Institute Inc.

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	4	9,892,878	8,803,793
Employment Costs		(7,312,845)	(6,953,278)
Centre Expenses		(460,662)	(582,080)
Occupancy Costs		(336,198)	(370,582)
Distribution of funds - ASCD		(338,696)	(67,232)
Finance Costs	5	(135,166)	(136,197)
Depreciation	5	(135,275)	(109,006)
Office Expenses		(130,131)	(164,099)
Professional Fees		(186,910)	(164,475)
Insurance		(50,111)	(80,531)
Low Value Leases		(18,891)	(20,052)
Bank Charges		(16,220)	(15,463)
Other Expenses		(341,291)	(345,463)
Surplus/(deficit) for the year		430,482	(204,665)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income for the year		430,482	(204,665)

The accompanying notes form part of these financial statements.

Skin Health Institute Inc.

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Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,538,802	1,423,586
Trade and other receivables	7	747,806	779,835
Financial assets	8	1,442,110	963,492
Prepayments		85,171	146,665
TOTAL CURRENT ASSETS		3,813,889	3,313,578
NON-CURRENT ASSETS			
Property, plant and equipment	9	10,733,561	10,726,255
Investments		10	10
TOTAL NON-CURRENT ASSETS		10,733,571	10,726,265
TOTAL ASSETS		14,547,460	14,039,843
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,012,523	1,281,619
Borrowings	11	2,954,713	3,075,011
Short-term provisions	12	651,579	725,364
Other liabilities	13	904,415	281,167
TOTAL CURRENT LIABILITIES		5,523,230	5,363,161
NON-CURRENT LIABILITIES			
Borrowings	11	51,398	109,483
Long-term provisions	12	4,578	29,428
TOTAL NON-CURRENT LIABILITIES		55,976	138,911
TOTAL LIABILITIES		5,579,206	5,502,072
NET ASSETS		8,968,254	8,537,771
EQUITY			
Reserves		4,261,428	4,261,428
Accumulated surpluses		4,706,826	4,276,343
TOTAL EQUITY		8,968,254	8,537,771

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Accumulated Surpluses	Asset Revaluation Reserve	Special Purpose Funds - Bequests	Total
Note	\$	\$	\$	\$
Balance at 1 July 2020	4,276,344	3,310,861	950,567	8,537,772
Surplus for the year	430,482	-	-	430,482
Balance at 30 June 2021	4,706,826	3,310,861	950,567	8,968,254

2020

	Accumulated Surpluses	Asset Revaluation Reserve	Special Purpose Funds - Bequests	Total
Note	\$	\$	\$	\$
Balance at 1 July 2019	4,481,008	3,310,861	950,567	8,742,436
Deficit for the year	(204,665)	-	-	(204,665)
Balance at 30 June 2020	4,276,343	3,310,861	950,567	8,537,771

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and grants	10,680,204	8,740,353
Payments to suppliers and employees	(9,832,756)	(8,783,247)
Interest and investment income	93,943	33,810
Finance costs	(135,166)	(136,197)
Net cash provided by/(used in) operating activities	15 <u>806,225</u>	<u>(145,281)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for investments	(362,000)	(335,329)
Purchase of property, plant and equipment	(142,581)	(153,113)
(Placement)/redemption of term deposits	(8,045)	363,534
Proceeds on sale of investment securities	-	382,004
Net cash used by investing activities	<u>(512,626)</u>	<u>257,096</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(178,383)	(92,054)
Repayment of funds held in trust	-	(240,756)
Net cash used by financing activities	<u>(178,383)</u>	<u>(332,810)</u>
Net increase/(decrease) in cash and cash equivalents held	115,216	(220,995)
Cash and cash equivalents at beginning of year	1,423,586	1,197,538
Reclassifications between cash equivalents and financial assets	-	447,043
Cash and cash equivalents at end of financial year	6 <u>1,538,802</u>	<u>1,423,586</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial statements cover Skin Health Institute Inc. as an individual entity. Skin Health Institute Inc. is a not-for-profit Association incorporated in Victoria under the *Associations Incorporation Reform Act (Vic) 2012*.

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*. The committee has determined that the association is not a reporting entity.

1 Basis of Preparation

Skin Health Institute Inc. is an association incorporated and domiciled in Victoria. The committee members' have prepared the financial statements on the basis that the association is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.

Statement of Compliance

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

The recognition and measurement requirements that have not been complied with are those in AASB119 *Employee Benefits*. The accounting policy applied is detailed in Note 2(g).

The Association has concluded that the requirements set out in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* is not applicable as the initial assessment on its interests in other entities indicated that it does not have any subsidiaries, associates or joint ventures.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Revenue

Revenue from contracts with customers

Medical services

Revenue from the provision of services is recognised at the time the service is provided to patients.

Grants and donations

When the Association received grants and donations it assesses whether a contract exists and whether that contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Revenue

When these conditions are satisfied, the Association:

- identifies each performance obligation relating to the grant or donation;
- recognises a contract liability for its obligations under the contract; and
- recognises revenue as it satisfied its performance obligations.

When the contract is not enforceable or does not have sufficient specific performance obligations, the grant or donation is recognised immediately in profit or loss.

Government grants under the Australian Government cash flow boost initiative have been recognised as revenue. The Association became entitled to receive the grants, which was assessed to be the time at which the applicable Activity Statements were lodged with the Australian Taxation Office.

Interest income

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

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. Skin Health Institute Inc. is a registered charity with the Australian Charities and Not-for-profits Commission.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) Property, Plant and Equipment

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

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

Land and buildings

Land and buildings are measured using the revaluation model, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. The last valuation was completed in 2016.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Plant and equipment

Plant and equipment are measured using the cost model. The carrying amount of plant and equipment is reviewed annually by the committee members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's 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.

Previously revalued buildings are not depreciated.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and equipment	3.5 - 50%
Furniture, fixtures and fittings	3.5 - 50%
Computers and equipment	10 - 50%
Leasehold improvements	2.5 - 10%
Surgical equipment	10 - 33.3%

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

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

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

Financial Assets

Classification

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

- financial assets at fair value through profit or loss - FVTPL;
- amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless Skin Health Institute Inc. changes its business model for managing financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include marketable securities listed on the stock exchange, managed funds and term deposits.

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

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Amortised Cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payment of principal and interest on the principal amount outstanding.

Skin Health Institute Inc'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 the profit or loss. Gain or loss on derecognition is recognised in the profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

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

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. Skin Health Institute Inc. has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected credit loss arising from default.

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

Where Skin Health Institute Inc. 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.

Financial Liabilities

Skin Health Institute Inc. measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured as amortised cost using the effective interest rate method. The financial liabilities comprise trade payables, bank and other loans and finance lease liabilities.

(g) Employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Provision for long service leave is accrued after 5 years of continued service by the employee at 30 June 2021.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(h) Leases

At inception of a contract, the Association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

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.

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.

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.

Leased assets that have previously been capitalised within property, plant and equipments have not been reclassified as right of use assets in the current year.

Exceptions to lease accounting

Leases with a term of 12 months or less or leases of low value underlying assets will be exempted from the accounting treatment above. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(h) Leases

Association as a lessor

When the association is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

The lease income from operating leases is recognised on a straight line basis over the lease term. Expected future lease income has been disclosed in Note 14(b).

3 Critical Accounting Estimates and Judgments

The committee members 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.

Property held at fair value

An independent valuation of property (land and buildings) carried at fair value was carried out on 5 October 2016. The valuation approach adopted was the Income Capitalisation Approach. This method involves the addition of market rent for the various components of the property, and the deductions of outgoings (where appropriate) to determine the net market income of the property.

The Committee members has given consideration to the fair value to be disclosed for the property situated at 80 Drummond Street Carlton ("The Property") in the financial report for the year ended 30 June 2021.

The Committee members noted that a formal valuation was undertaken by Mr Sam Lipshut of Charter Keck Cramer and his report was issued on 21 October 2016. The Committee members have accepted this valuation as still being current, relevant and reflective of the fair value of the property for the purposes of disclosure in the financial reports for the year ended 30 June 2021.

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. No provision for impairment has been raised as at 30 June 2021.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

4 Revenue

	2021	2020
	\$	\$
Revenue from contracts with customers		
- Revenue from services	4,178,389	4,255,486
- Other government subsidies	1,232,750	743,450
- Trials income	1,056,476	958,349
- Sponsorship income	985,875	1,214,500
- Government and other education grants	730,689	703,953
- Donations & bequests	595,018	66,291
- Conferences and meetings	377,103	184,002
- Rental Income	257,877	338,831
- Interest and investment income	202,516	22,894
- Subscriptions	183,470	175,150
- Other income	92,715	140,887
	<u>9,892,878</u>	<u>8,803,793</u>

5 Result for the Year

Significant Expenses

Distribution of funds - ASCD	338,696	67,232
Depreciation	135,275	109,006
Finance costs	135,166	136,197
Branding and fundraising expense	-	98,634
Auditor remuneration	17,850	17,850

Distribution of funds to ASCD occurred on separation of ASCD from the Skin Health Institute. The amounts distributed were in relation to accumulated profits.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	175	201
Cash at bank	1,538,627	976,342
Term deposits	-	447,043
	<u>1,538,802</u>	<u>1,423,586</u>

7 Trade and other receivables

CURRENT

Trade receivables	741,986	482,407
Sundry receivables	5,820	5,978
Government subsidies	-	291,450
	<u>747,806</u>	<u>779,835</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.

8 Financial assets

Managed Investments	1,434,065	963,492
Term deposits	8,045	-
Total financial assets	<u>1,442,110</u>	<u>963,492</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Property, plant and equipment

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	7,910,861	7,910,861
Total Land	<u>7,910,861</u>	<u>7,910,861</u>
Buildings		
At fair value	2,705,155	2,680,603
Accumulated depreciation	(275,977)	(229,130)
Total buildings	<u>2,429,178</u>	<u>2,451,473</u>
Total land and buildings	<u>10,340,039</u>	<u>10,362,334</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,585,020	1,485,883
Accumulated depreciation	(1,191,498)	(1,121,962)
Total plant and equipment	<u>393,522</u>	<u>363,921</u>
Total property, plant and equipment	<u>10,733,561</u>	<u>10,726,255</u>

The land and buildings were revalued during the year ended 30 June 2017. The fair value adjustment resulted in an increase to the carrying value of land and buildings and the asset revaluation reserve of \$260,860.

10 Trade and other payables

CURRENT		
Lease bonds held	8,291	7,518
Other accruals	50,847	48,411
Funds held in trust	-	283,212
Trade payables	948,884	938,937
Sundry payables and accrued expenses	4,501	3,541
	<u>1,012,523</u>	<u>1,281,619</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Borrowings

		2021	2020
		\$	\$
CURRENT			
Lease liability	14	56,525	76,823
Bank loans		2,898,188	2,998,188
Total current borrowings		2,954,713	3,075,011
NON-CURRENT			
Lease liability	14	51,398	109,483
Total non-current borrowings		51,398	109,483

Commercial Bill

The commercial bill held with Bank of Melbourne is secured by a registered mortgage over the freehold property of the association. The total facility available is \$3,500,000 of which \$2,898,188 is drawn down as at 30 June 2021. The commercial bill has expired on 29 October 2021 and was subsequently refinanced with NAB for a further period of one year and has a facility limit of \$3,000,000.

12 Provisions

CURRENT			
Annual leave		376,697	437,867
Long service leave		274,882	287,497
		651,579	725,364
NON-CURRENT			
Long Service Leave		4,578	29,428
		4,578	29,428

13 Other liabilities

CURRENT			
Unearned grant funding and fees received in advance		904,415	281,167
		904,415	281,167

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Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Capital and Leasing Commitments

(a) Finance Leases

	2021	2020
	\$	\$
Minimum lease payments:		
- not later than one year	60,967	86,797
- between one year and five years	55,047	116,014
Minimum lease payments	<u>116,014</u>	<u>202,811</u>
Less: finance charges	<u>(8,095)</u>	<u>(16,508)</u>
Present value of minimum lease payments	<u><u>107,919</u></u>	<u><u>186,303</u></u>

Finance leases are in place for the following:

- Air conditioning system which has a term of 10 years. This lease is due to expire on 15 November 2024.
- Software has a lease term of 5 years. This lease is due to expire in April 2022.
- Cryostat machine which has a lease term of 5 years. This lease is due to expire in August 2022.
- Dell computer equipment which has a lease term of 3 years. This lease is due to expire in March 2022.

(b) Low Value Leases

- not later than one year	16,689	13,051
- between one year and five years	44,742	25,131
	<u>61,431</u>	<u>38,182</u>

Operating leases have been taken out for recliner chairs, computer equipment, franking machine and photocopiers. Lease payments are fixed over the term of the lease which range between 2 and 5 years. These leases are low value for the purposes of AASB 16.

Operating lease commitments receivable

Skin Health Institute Inc. leases out its owned property under commercial leases. These non-cancellable leases have terms between 4 and 12 years. All leases include an option for Skin Health Institute Inc. to increase rent by CPI on an annual basis.

The future minimum lease receipts under non-cancellable leases are:

- no later than 1 year	295,343	295,343
- between 1 year and 5 years	421,890	616,910
- greater than 5 years	-	67,392
Total minimum lease payments	<u><u>717,233</u></u>	<u><u>979,645</u></u>

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Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2021	2020
	\$	\$
Result for the year	430,482	(204,665)
Non-cash flows in result:		
- depreciation	135,275	109,006
- net gain on disposal of property, plant and equipment	-	409
- (gain)/loss on financial asset (realised and unrealised)	(108,573)	32,318
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	32,030	(229,689)
- decrease/(increase) in other non-current assets	61,494	52,513
- (decrease)/increase in trade and other payables	(269,096)	158,110
- increase/(decrease) in other non-current liabilities	623,248	(63,605)
- (decrease)/increase in provisions	(98,635)	322
Cashflows from operations	<u>806,225</u>	<u>(145,281)</u>

16 Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

JobKeeper Extension 2.0

Subsequent to year-end, the Institute determined in conjunction with external expert advice that it was ineligible to receive the Jobkeeper 2.0 extension payment of \$544,200, received during the year ended 30 June 2021. The institute has engaged external expert advice to write to the Australian Tax Office (ATO) requesting the Commissioner to exercise his discretion and allow the Skin Health Institute Inc. to retain the amounts received. A contingent liability to repay this amount exists pending the conclusion of this matter with the ATO. The accounts have been prepared on the basis that it is not probable that repayment will be required.

17 Events Occurring After the Reporting Date

In November 2021, the Association refinanced it's commercial bill as disclosed in note 11.

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.

18 Association Details

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

Skin Health Institute Inc.
Level 1
80 Drummond St
Carlton VIC 3053

Skin Health Institute Inc.

ABN: 58 895 584 259

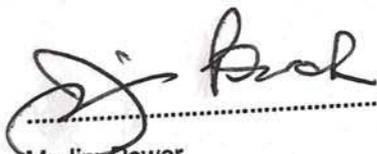
Statement by Members of the Committee

The Committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Members of the Committee of Skin Health Institute Inc:

- The financial statements of Skin Health Institute Inc. are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*; including
 - (i) Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (ii) Complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements and the Australian Charities and Not-for-profits Commission Regulations 2013; and
- there are reasonable grounds to believe that the association will be able to pay all of its debts as and when they become due and payable.

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



Mr Jim Power
Committee Member

26 November 2021

Skin Health Institute Inc.

ABN: 58 895 584 259

Auditors Independence Declaration under Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- i) no contraventions of the auditor independence requirements as set out in 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.



Saward Dawson
Saward Dawson



Jeffrey Tulk
Partner

Blackburn
Dated: 26 November 2021

Skin Health Institute Inc.

ABN: 58 895 584 259

Independent Audit Report to the members of Skin Health Institute Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the special purpose financial report of Skin Health Institute Inc. (the Association), which comprises the statement of financial position as at 30 June 2021, 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 statement by members of the committee.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2, the Associations Incorporation Reform Act (Vic) 2012 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 Association in accordance with the auditor independence requirements of 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.

Basis of Accounting

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

Responsibilities of Management and Those Charged with Governance

The committee is responsible for the preparation and fair presentation of the financial report in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012*, and for such internal control as the committee determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The committee members are responsible for overseeing the Association's financial reporting process.

Skin Health Institute Inc.

ABN: 58 895 584 259

Independent Audit Report to the members of Skin Health Institute Inc.

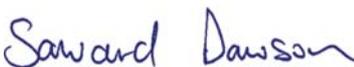
Auditor's Responsibilities for the Audit of the Financial Report

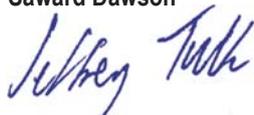
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Association.
- Conclude on the appropriateness of the Association's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Dated: 26 November 2021