



# **Skin Health Institute Inc.**

Formerly Skin & Cancer Foundation Inc.

ABN: 58 895 584 259

## **Financial Statements**

For the Year Ended 30 June 2019

# Skin Health Institute Inc.

ABN: 58 895 584 259

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For the Year Ended 30 June 2019

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# Skin Health Institute Inc.

ABN: 58 895 584 259

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	4	8,826,929	7,710,403
Employment Costs		(6,360,546)	(5,639,438)
Centre Expenses		(502,712)	(444,561)
Occupancy Costs		(327,706)	(304,372)
Finance costs	5	(144,973)	(148,894)
Depreciation	5	(198,778)	(119,595)
Office Expenses		(141,864)	(129,830)
Professional Fees		(138,907)	(117,526)
Insurance		(68,524)	(57,596)
Leasing Charges		(27,830)	(31,485)
Bank Charges		(17,468)	(15,082)
Other Expenses		(548,997)	(359,414)
<b>Surplus for the year</b>		<b>348,624</b>	<b>342,610</b>
<b>Other comprehensive income</b>			
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		-	-
<b>Total comprehensive income for the year</b>		<b>348,624</b>	<b>342,610</b>

The accompanying notes form part of these financial statements.

# Skin Health Institute Inc.

ABN: 58 895 584 259

## Statement of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,200,533	854,889
Trade and other receivables	7	550,145	603,888
Other financial assets	8	1,853,063	1,739,748
Prepayments		199,178	129,550
<b>TOTAL CURRENT ASSETS</b>		<b>3,802,919</b>	<b>3,328,075</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	10,682,557	10,824,414
Investment in joint venture		10	10
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,682,567</b>	<b>10,824,424</b>
<b>TOTAL ASSETS</b>		<b>14,485,486</b>	<b>14,152,499</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	840,298	792,330
Borrowings	11	3,113,013	3,202,100
Short-term provisions	12	722,610	549,833
Other liabilities	13	344,772	469,176
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,020,693</b>	<b>5,013,439</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	166,530	187,504
Long-term provisions	12	31,860	33,777
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>198,390</b>	<b>221,281</b>
<b>TOTAL LIABILITIES</b>		<b>5,219,083</b>	<b>5,234,720</b>
<b>NET ASSETS</b>		<b>9,266,403</b>	<b>8,917,779</b>
<b>EQUITY</b>			
Reserves		4,749,885	4,749,885
Accumulated surpluses		4,516,518	4,167,894
<b>TOTAL EQUITY</b>		<b>9,266,403</b>	<b>8,917,779</b>

The accompanying notes form part of these financial statements.

# Skin Health Institute Inc.

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## Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Accumulated Surpluses	Asset Revaluation Reserve	Special Purpose Funds - Bequests	Special Purpose Funds - Dept of Dermatology	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	4,167,894	3,310,860	950,567	488,458	8,917,779
Surplus for the year	348,624	-	-	-	348,624
<b>Balance at 30 June 2019</b>	<b>4,516,518</b>	<b>3,310,860</b>	<b>950,567</b>	<b>488,458</b>	<b>9,266,403</b>

2018

	Accumulated Surpluses	Asset Revaluation Reserve	Special Purpose Funds - Bequests	Special Purpose Funds - Dept of Dermatology	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	3,825,284	3,310,860	950,567	488,458	8,575,169
Surplus for the year	342,610	-	-	-	342,610
<b>Balance at 30 June 2018</b>	<b>4,167,894</b>	<b>3,310,860</b>	<b>950,567</b>	<b>488,458</b>	<b>8,917,779</b>

The accompanying notes form part of these financial statements.

# Skin Health Institute Inc.

ABN: 58 895 584 259

## Statement of Cash Flows

For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and grants	8,693,839	7,743,458
Payments to suppliers and employees	(8,387,551)	(7,393,003)
Interest and investment income	456,580	409,600
Finance costs	(144,973)	(148,894)
Net cash provided by/(used in) operating activities	<u>617,895</u>	<u>611,161</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for investments	(229,658)	(482,853)
Purchase of property, plant and equipment	(137,192)	(136,516)
(Placement)/redemption of term deposits	(19,492)	71,498
Proceeds on sale of investment securities	224,152	397,522
Net cash used by investing activities	<u>(162,190)</u>	<u>(150,349)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of borrowings	(110,708)	(141,430)
Net cash used by financing activities	<u>(110,708)</u>	<u>(141,430)</u>
Net increase/(decrease) in cash and cash equivalents held	344,997	319,382
Cash and cash equivalents at beginning of year	852,541	533,159
Cash and cash equivalents at end of financial year	6 <u><u>1,197,538</u></u>	<u><u>852,541</u></u>

The accompanying notes form part of these financial statements.

# Skin Health Institute Inc.

ABN: 58 895 584 259

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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*. The committee has determined that the association is not a reporting entity.

On 9 July 2019, Skin & Cancer Foundation Inc changed its name to Skin Health Institute Inc.

### 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*.

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.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

### 2 Summary of Significant Accounting Policies

#### (a) 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.

#### (b) 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, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

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.

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (b) Property, Plant and Equipment

##### 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 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.

Previously revalued buildings are not depreciated.

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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.



# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (c) 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.

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (c) Financial instruments

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.

##### *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.

#### (d) 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.

#### (e) 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.

Provision for long service leave is accrued after five years of continued service by the employee at 30 June 2019.

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (f) 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.

#### (g) Revenue and other income

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

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

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

Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

Grants are recognised as income as they are earned. Where grants relate to activities not yet undertaken, and there is an obligation to repay those funds if they are not spent in accordance with the funding agreement then such funds are recognised as an 'income in advance' liability until such time as the funded activities are undertaken. Grants may also be recognised on a straight line basis over the funding period where there is no requirement to repay the funds.

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

#### (h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (i) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

The investment is recorded at cost. Skin Health Institute Inc.'s profit or loss includes the share of Melbourne Skin Pathology's profit or loss. This income share of profits earned are recognised on receipt.

### 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 Board 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 2019.

The Board 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 Board 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 2019.

#### 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 2019.

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 4 Revenue and Other Income

	2019	2018
	\$	\$
Revenue from operating activities		
- Revenue from services	4,539,866	3,894,015
- Government and other education grants	1,376,515	1,320,583
- Rental income	345,327	323,231
- Joint venture share of profit and licence fee income	1,237,567	1,186,634
- Interest and investment income	111,253	86,369
- Donation income	123,922	41,331
- Trials income	872,967	803,570
- Other income	219,512	54,670
	<u>8,826,929</u>	<u>7,710,403</u>

### 5 Result for the Year

#### Significant Expenses

Depreciation	198,778	119,595
Finance costs	144,973	148,894
Branding and fundraising expense	55,727	-
Auditor remuneration	17,250	16,750

### 6 Cash and cash equivalents

Cash on hand	219	(135)
Cash at bank	1,200,314	855,024
	<u>1,200,533</u>	<u>854,889</u>

Existing term deposits that have been reinvested in the current financial year have 6 month terms and hence are subsequently reclassified as financial assets (refer to Note 8).

#### Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents		1,200,533	854,889
Bank overdrafts	11	(2,995)	(2,348)
<b>Balance as per statement of cash flows</b>		<u>1,197,538</u>	<u>852,541</u>

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 7 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	531,395	538,006
Licence fee receivable	18,750	65,882
	<u>550,145</u>	<u>603,888</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

Term deposits	810,577	791,085
Managed investments	1,042,486	948,663
Total financial assets	<u>1,853,063</u>	<u>1,739,748</u>

### 9 Property, plant and equipment

#### 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	2,672,393	2,670,637
Accumulated depreciation	(194,564)	(153,182)

Total buildings	<u>2,477,829</u>	<u>2,517,455</u>
Total land and buildings	<u>10,388,690</u>	<u>10,428,316</u>

#### PLANT AND EQUIPMENT

##### Plant and equipment

At cost	1,383,172	1,327,547
Accumulated depreciation	(1,089,305)	(931,449)

Total plant and equipment	<u>293,867</u>	<u>396,098</u>
<b>Total property, plant and equipment</b>	<u>10,682,557</u>	<u>10,824,414</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.

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 10 Trade and other payables

	Note	2019 \$	2018 \$
CURRENT			
GST payable		15,924	16,424
Other accruals		101,014	68,348
Trade payables		700,858	697,308
Sundry payables and accrued expenses		22,502	10,250
		<u>840,298</u>	<u>792,330</u>

### 11 Borrowings

CURRENT			
Bank overdraft	6	2,995	2,348
Lease liability	14	56,830	41,564
Bank loans		3,053,188	3,158,188
<b>Total current borrowings</b>		<u>3,113,013</u>	<u>3,202,100</u>
NON-CURRENT			
Lease liability	14	166,530	187,504
<b>Total non-current borrowings</b>		<u>166,530</u>	<u>187,504</u>

#### Commercial Bill

The commercial bill held with Bank of Melbourne is secured by a registered mortgage over the freehold property of the association. The commercial bill is due to expire on 29 October 2021. The total facility available is \$3,500,000 of which \$3,053,188 is drawn down as at 30 June 2019.

# Skin Health Institute Inc.

ABN: 58 895 584 259

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 12 Provisions

	2019	2018
	\$	\$
CURRENT		
Annual leave	422,396	315,440
Long service leave	300,214	234,393
	<u>722,610</u>	<u>549,833</u>
NON-CURRENT		
Long Service Leave	31,860	33,777
	<u>31,860</u>	<u>33,777</u>

### 13 Other liabilities

CURRENT		
Unearned grant funding	344,772	350,443
Licence fee unearned income	-	106,239
Other income received in advance	-	12,494
	<u>344,772</u>	<u>469,176</u>



# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 14 Capital and Leasing Commitments

#### (a) Finance Leases

	2019	2018
	\$	\$
Minimum lease payments:		
- not later than one year	68,062	53,552
- between one year and five years	182,518	211,886
Minimum lease payments	250,580	265,438
Less: finance charges	(27,220)	(36,370)
Present value of minimum lease payments	223,360	229,068

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) Operating Leases

##### Operating lease commitments payable

Minimum lease payments under non-cancellable operating leases:

- not later than one year	17,864	19,688
- between one year and five years	18,669	36,533
	36,533	56,221

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.

##### 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	315,412	210,287
- between 1 year and 5 years	873,764	802,934
- greater than 5 years	134,784	198,015
Total minimum lease payments	1,323,960	1,211,236

# Skin Health Institute Inc.

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 15 Joint Venture

The Skin Health Institute Inc. has a 50% interest (through its wholly owned subsidiary Skin & Cancer Pathology Pty Ltd) in the joint venture entity Melbourne Skin Pathology, a partnership operating in Australia which is involved in derma pathology services.

Income derived from the joint venture is recognised in the statement of profit or loss when distributions are received.

The joint venture agreement was terminated effective 30 September 2018.

A new sponsorship agreement with Melbourne Pathology Pty Ltd commenced on 1 October 2018 for an initial term of 2 years with an option to extend for a further 2 years. This sponsorship agreement is to enable the Foundation to run public benefit programs.

### 16 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Skin Health Institute Inc. has entered into a consulting agreement with Hodgson Associates for the development and implementation of a business plan for the Australasian Society of Cosmetic Dermatologists with a value of \$50,000 per annum over the period 1 October 2018 to 31 December 2019. The Executive Director of the Foundation, who is part-time is also one of the Principals of Hodgson Associates.

### 17 Events Occurring 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.

### 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.

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### 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 2019 and of its performance for the year ended on that date; and
  - (ii) Complying with Australian Accounting Standards to the extent described in Note 1 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



Mr Chris Arnold  
Committee Member

Dated: 29.10.2019.

## **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 2019, 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**



Jeffrey Tulk  
Partner

Blackburn  
Dated: 29 October 2019

## **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 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the 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 2019 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 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*

**Saward Dawson**

*Jeffrey Tulk*

Jeffrey Tulk  
Partner

Blackburn  
Dated: 29 October 2019