

# **3Bridges Community Limited**

ACN: 96 039 601 269

**Financial Report  
for the year ended 30 June 2023**

**3Bridges Community Limited**  
**ABN: 96 039 601 269**

**Directors' report**  
**For the year ended 30 June 2023**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Hawkins	Chairperson (appointed 27 February 2023)
Catriona Barry	Chairperson (retired 30 November 2022)
Peggy Huang	Director
Peter Merrett	Director
Steevie Chan	Director
Rajesh Govindan	Director
Brendon Chapman	Director
Olga Stoutchilina	Director
Josephine Simeone	Director
Jodie Cox	Director (appointed 30 November 2022 )

**Company secretary**

Mark Langan has held the role of Company Secretary since 9 September 2019

**Principal activities**

During the financial year the principal continuing activities of the company are:

- (i) respite for carers of people in need,
- (ii) connecting care programs for the elderly and those living with a disability,
- (iii) providing services and support to improve overall community wellbeing,
- (iv) undertaking early intervention youth programs focused on providing vital support in times of need,
- (v) delivering professional home modifications services to meet the needs of those requiring mobility assistance, enabling them to live safely at home and to actively participate in community life, and
- (vi) undertaking trading activities by way of social enterprises.

**Short-term and long-term goals/objectives of the company**

**Short-term:**

- a. Target Opportunities to build growth momentum and improve overall financial position,

**Medium-term:**

- b. Improve Return on Investment (ROI) of all aspects of services and operations,
- c. Improve Cash Position by continuously delivering positive net results,

**Long-term:**

- d. Achieving Financial Diversification in long-term by targeting growth in other services.

**Operating results**

As detailed in this report, 3Bridges Community Limited's operating or trading result for the year was a surplus of \$513,140 (2022: \$525,038).

The company is anticipating increased income, resulting from demand across key areas of operations. In addition, the organisation is implementing several strategic and operational changes that will enable improvement in service quality and efficiencies to allow sustainable growth.

**3Bridges Community Limited**  
**ABN: 96 039 601 269**

**Directors' report**  
**For the year ended 30 June 2023**

**Director information**

**(a) Information on directors**

Paul Hawkins	<p>Chairperson (appointed as Chairperson on 27 February 2023)</p> <p>Paul is the Chief Combobulator Crazy Might Work, an award-winning, for-purpose innovation agency, launched in Antarctica. They work with leaders to create high-performing teams, transform culture and innovate for breakthrough. Paul has worked in over 20 countries and consults to governments, states and corporations on breakthrough thinking. Paul has an HDE in education, an MBA from Oxford Brookes University, and is currently completing a doctorate in breakthrough innovation. He has trained in innovation and neuroscience through Stanford University and the Neuro-Leadership Institute and is a facilitator of the 4D program used by NASA.</p>
Catriona Barry	<p>Chairperson - until November 2022</p> <p>Catriona is senior executive and non-executive director with a record of achievement as a results oriented, energetic and passionate professional. Demonstrated success in managing multidisciplinary, geographically dispersed teams across Australia.</p>
Peggy Huang	<p>Peggy currently works in health, education and leadership development; building the people and financial management skills of current and aspiring managers and leaders across NSW.</p>
Peter Merrett	<p>Deputy Chair, Governance and Risk Committee</p> <p>Peter has worked for over 30 years in the health and community services sectors. In addition to his work as a Director of 3Bridges Community, he is a volunteer at Wayside Chapel in Sydney's Kings Cross, working with Indigenous communities across Australia and in developing countries. He holds qualifications in Social Science, Health Administration, Public Health and is a Graduate of the Australian Institute of Company Directors.</p>
Steevie Chan	<p>Professor Chan is District Director Medical Director, Central Coast Local Health District and former Dean of the School of Medicine (Sydney) of the University of Notre Dame Australia. He has a deep interest and commitment to health care quality and patient safety and contributes to health outcomes research and education.</p>
Rajesh Govindan	<p>Treasurer Chairperson – Finance and Audit Committee</p> <p>Rajesh is a graduate of AICD and with extensive experience in senior financial roles in Banking sector.</p>
Brendon Chapman	<p>Finance and Audit Committee</p> <p>Brendon is a Masters of Taxation and holds the position of Senior Director Compliance at the Australian Taxation Office.</p>

**3Bridges Community Limited**  
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**Directors' report**  
**For the year ended 30 June 2023**

**(a) Information on directors (Continued)**

Olga Stoutchilina	Governance and Risk Committee  Olga is admitted as a lawyer by the Supreme Court of NSW and has a Master of Laws. She has in depth knowledge of a range of industry segments and business models with extensive experience in corporate governance, corporate law and taxation law gained from the public and private sector.with the introduction of the National Disability Insurance Scheme
Josephine Simeone	Chairperson – People and Service Enablement Committee  Jo has over 27 years experience in corporate Human Resources and Employees Relations, with Master of Business (Human Resources Management) and Bachelor of Business (Personnel Management and Industrial Relations).
Jodie Cox	Jodie holds a Masters of Business Administration, a Graduate Certificate in Public Sector Management and is an accredited Change Manager. She has a deep knowledge of the disability and aged services sectors. She has held senior operational and strategic roles in both for purpose and government organisations.

**Meetings of Directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

<b>Members</b>	<b>Number of meetings attended</b>	<b>Number of meetings held during the time the director held office during the year</b>
Catriona Barry*	2	2
Josephine Simeone	9	9
Olga Stoutchilina	9	9
Paul Hawkins	9	9
Peggy Huang	3	5
Peter Merrett	9	9
Steevie Chan	3	5
Rajesh Govindan	7	9
Brendon Chapman	9	9
Jodie Cox	3	3

\*retired on 30 November 2022

**Environmental regulation**

The Company is subject to normal State and Federal environmental legislation and does not operate within an industry with specific environmental guidelines or limits.

**Member's guarantee**

3Bridges Community Limited is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If 3Bridges Community Limited is wound up, the liability of each member (during the time or within one year afterwards) is limited to \$20.

**Insurance of of Officers**

During the financial year, 3Bridges Community Limited paid premiums to insure the directors and officers of the Company. The professional liability insurance paid in respect of directors and officers for the year ended 30 June 2023 was \$17,584 (2022: \$18,678).

**Events after the reporting period**

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**3Bridges Community Limited**  
**ABN: 96 039 601 269**

**Directors' report**  
**For the year ended 30 June 2023**

**Proceedings on behalf of company**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Paul Hawkins  
Director

Dated: 25 October 2023

DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF 3BRIDGES COMMUNITY LIMITED

As lead auditor of 3Bridges Community Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Leah Russell  
Director

BDO Audit Pty Ltd  
Sydney, 25 October 2023

**3Bridges Community Limited**  
**ABN: 96 039 601 269**

**Statement of profit or loss and other comprehensive income**  
**for the year ended 30 June 2023**

	Notes	2023 \$	2022 \$
Revenue and other income	2	38,306,654	30,355,244
Other income	2	64,874	36,700
<b>Total revenue and other income</b>		<b>38,371,528</b>	<b>30,391,944</b>
<b>Expenses</b>			
Cost of services provided		13,092,466	9,218,402
Operational expenses		4,198,585	3,172,378
Motor Vehicle expenses		221,514	153,571
Employee benefit expenses		20,303,667	17,668,230
Finance costs		42,156	41,325
<b>Total expenses</b>		<b>37,858,388</b>	<b>30,253,906</b>
<b>Surplus before income tax expense</b>		513,140	138,038
Income tax expense		-	-
<b>Surplus after income tax expense for the year</b>		513,140	138,038
Other comprehensive income for the year, net of tax		-	387,000
<b>Total comprehensive income for the year</b>		<b>513,140</b>	<b>525,038</b>

The accompanying notes form part of these financial statements.

# 3Bridges Community Limited

ABN: 96 039 601 269

## Statement of financial position as at 30 June 2023

	Notes	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,741,695	4,378,105
Trade and other receivables	5	2,533,789	1,259,822
Contract assets	6	2,014,072	1,389,950
Other assets	7	619,422	280,972
Inventories	8	34,944	34,944
<b>Total current assets</b>		<b>6,943,922</b>	<b>7,343,793</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	2,642,873	2,853,102
Right-of-use assets	10	421,732	515,633
Intangibles	11	644,351	641,839
Other assets - non current	7	36,961	20,311
<b>Total non-current assets</b>		<b>3,745,917</b>	<b>4,030,885</b>
<b>Total assets</b>		<b>10,689,839</b>	<b>11,374,678</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	2,426,530	1,021,085
Contract liabilities	13	2,043,895	4,466,318
Lease liabilities	14	257,465	270,802
Employee benefits	15	1,741,214	1,813,976
<b>Total current liabilities</b>		<b>6,469,104</b>	<b>7,572,181</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	154,046	245,967
Employee benefits	15	217,962	220,943
<b>Total non-current liabilities</b>		<b>372,008</b>	<b>466,910</b>
<b>Total liabilities</b>		<b>6,841,112</b>	<b>8,039,091</b>
<b>Net Assets</b>		<b>3,848,727</b>	<b>3,335,587</b>
<b>Equity</b>			
Accumulated funds		2,800,692	2,287,552
Reserves		1,048,035	1,048,035
<b>Total Equity</b>		<b>3,848,727</b>	<b>3,335,587</b>

The accompanying notes form part of these financial statements.



# 3Bridges Community Limited

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## Consolidated statement of cash flows for the year ended 30 June 2023

	2023	2022
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from grants	7,179,158	6,533,228
Receipts from customers	26,806,986	22,695,343
Interest received	64,874	-
Payments to suppliers and employees	(36,107,230)	(29,792,191)
Finance costs	(42,156)	(41,325)
Net cash used in operating activities	<u>(2,098,369)</u>	<u>(604,945)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(169,279)	(229,073)
Payments for intangibles	(52,619)	(684,209)
Net cash used in investing activities	<u>(221,898)</u>	<u>(913,282)</u>
<b>Cash flows from financing activities</b>		
Lease payments	(316,143)	(293,338)
Net cash used in financing activities	<u>(316,143)</u>	<u>(293,338)</u>
Net decrease in cash and cash equivalents	(2,636,410)	(1,811,565)
Cash and cash equivalents at the beginning of the financial year	4,378,105	6,189,670
Cash and cash equivalents at the end of the financial year	4 <u>1,741,695</u>	<u>4,378,105</u>

The accompanying notes form part of these financial statements.

# 3Bridges Community Limited

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## Consolidated statement of changes in equity for the year ended 30 June 2023

	Notes	Reserves	Accumulated funds \$	Total \$
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 1 July 2021</b>		661,035	2,149,514	2,810,549
Surplus after income tax expense for the year		-	138,038	138,038
<i>Other comprehensive income for the year, net of tax</i>				
-Revaluation of property plants and equipment		<u>387,000</u>	<u>-</u>	<u>387,000</u>
Total comprehensive income for the year		387,000	138,038	525,038
<b>Balance at 30 June 2022</b>		<u>1,048,035</u>	<u>2,287,552</u>	<u>3,335,587</u>
Surplus after income tax expense for the year		-	513,140	513,140
<i>Other comprehensive income for the year, net of tax</i>				
-Revaluation of property plants and equipment		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		-	513,140	513,140
<b>Balance at 30 June 2023</b>		<u><u>1,048,035</u></u>	<u><u>2,800,692</u></u>	<u><u>3,848,727</u></u>

The accompanying notes form part of these financial statements.

# 3Bridges Community Limited

ABN: 96 039 601 269

## Notes to the financial statements for the year ended 30 June 2023

### 1 Statement of significant accounting policies

The financial report is for 3Bridges Community Limited ('the company') a not-for-profit company.

The financial report is presented in Australian dollars, which is the company's functional and presentational currency.

The financial statements were authorised for issue on the 25 October 2023 by the directors.

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Simplified Disclosure and Interpretations of the Australian Accounting Standards Board. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared under the historical cost convention, except for land and buildings which is recognised at fair value.

The financial statements, except for the cash flow information, have been prepared on an accrual basis.

#### a) Critical accounting estimates and judgements

The preparation of the financial statements necessitates the use of certain critical accounting estimates and requires management to exercise judgement in the process of applying the Company's accounting policies.

The disclosed accounting policies (in notes) identify the Company's assessment in applying accounting policies that have significant impacts on the reported amounts and provides further information about estimates and assumptions potentially having a significant risk of causing material adjustments within the next financial year.

#### b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

#### c) Economic Dependence

3Bridges Community Limited is dependent on Government grants more than 50% of revenue received to operate the company. At the date of this report the Board of Directors has no reason to believe the Government will not continue to support 3Bridges Community Limited.

# 3Bridges Community Limited

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## Notes to the financial statements for the year ended 30 June 2023

### Significant accounting policies (continued)

#### d) New Accounting Standards and Interpretations not yet mandatory or early adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There were no standards that were significant this year.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

#### Going concern

As at 30 June 2023, the company had \$474,819 net current assets (2022: net current liabilities 228,388), incurred \$2,098,369 net cash outflow from operating activities and had a \$513,140 surplus (2022: \$525,038).

The financial report has been prepared on a going concern basis, which assumes that the company will be able to realize its assets and extinguish its liabilities as and when they fall due in the normal course of business.

Notwithstanding the operating cash outflow the directors have assessed that the company is a going concern:

1. The company has continued to execute the operational plan implemented during the 2022 financial year that included Services Refinement, Workforce Alignment and the consolidation of Infrastructure requirements.
2. The company continues to deliver operating surpluses. For the exception of two months, surpluses were delivered monthly since 2022.
3. The company will continue to preserve and improve cashflow through refinement of cost-saving measures and implementation of its digital and data strategy. This will also continue to improve the overall customer and staff experience.
4. The company continues to secure funding that is financially viable. The company was awarded funding for the Dementia Program for \$2.3m for the following three years, and the running of three additional OSHC sites.

The above will allow the company to pay debts as and when they fall due and payable for at least 12 months from the date of the signing of the financial statements.

**3Bridges Community Limited**  
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**Notes to the financial statements for the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<u>\$</u>	<u>\$</u>
<b>2 Revenue</b>		
Funding income	<b>10,225,702</b>	7,121,583
Fees for services provided	<b>26,144,286</b>	21,831,667
Other revenue	<b>1,936,666</b>	1,401,994
	<b><u>38,306,654</u></b>	<u>30,355,244</u>
<i>Other income</i>		
Rental income	-	36,000
Interest income	<b>64,874</b>	700
	<b><u>64,874</u></b>	<u>36,700</u>
<i>The disaggregated revenue for funding income</i>		
Commonwealth	<b>8,258,062</b>	4,676,451
State	<b>1,847,104</b>	2,022,398
Others	<b>120,536</b>	422,735
	<b><u>10,225,702</u></b>	<u>7,121,583</u>

*Accounting Policy*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company:

- i) identifies the contract with a customer;
- ii) identifies the performance obligations in the contract;
- iii) determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- iv) allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- v) recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. This is over-time or at a point in time.

Donations are recognised at the time of receipt, or when the right to receive payment is confirmed and the revenue can be reliably measured.

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

*Judgement and Estimates*

The grant income received, requires the determination of whether the contract includes sufficiently specific performance obligations. This involves significant judgement involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and the terms and conditions of the grant.

**3 Other Expenses**

Surplus before income tax includes the following specific expenses:

Auditors remuneration	<b>65,000</b>	55,000
Superannuation expense	<b>1,775,821</b>	1,523,704
Operating lease rentals	-	17,690
Allowance for credit loss/ bad debts	<b>315,528</b>	358,881
<i>Depreciation and amortisation</i>		
- Property plant and equipment	<b>379,508</b>	331,731
- Intangible assets	<b>179,890</b>	42,373
- Right to use assets	<b>304,786</b>	284,014
Depreciation and amortisation	<b><u>864,184</u></b>	<u>658,118</u>

**3Bridges Community Limited**  
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**Notes to the financial statements for the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>4 Cash and cash equivalent</b>		
Cash on hand	988	1,116
Cash at bank	1,673,162	4,311,232
Cash on deposit	67,545	65,757
	<b>1,741,695</b>	<b>4,378,105</b>

*Accounting policy*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**5 Trade and other receivables**

Accounts receivable	2,705,145	1,241,652
Allowance for expected credit loss*	(681,665)	(368,242)
Accounts receivable -net	<b>2,023,480</b>	873,410
Childdcare fees receivable	115,384	7,270
GST receivables, net	168,444	194,675
Accruals and other receivables	226,481	184,467
	<b>2,533,789</b>	1,259,822

*\*Movement reconciliation*

Opening balance	368,242	9,361
Recognised during the year	313,423	358,881
Closing balance	<b>681,665</b>	368,242

*Accounting Policy*

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. An allowance for expected credit losses (ECLs) is recognised when a difference arises between the contractual cash flows and the amount expected to be received, discounted at the original effective interest rate.

For trade receivables, a simplified approach is applied in calculating the ECLs. Loss allowances recognised are based on lifetime ECLs at each reporting date. This is established from historical credit losses, adjusted for forward looking factors specific to the receivable.

*Judgement and estimates*

Judgement is required in assessing the ability of trade debtors to pay. The key estimate is past history.

**6 Contract assets**

Contract assets	<b>2,014,072</b>	1,389,950
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*Accounting Policy*

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

**3Bridges Community Limited**  
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**Notes to the financial statements for the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>7 Other assets</b>		
<i>Current</i>		
Prepayments	<b>619,422</b>	280,972
<i>Non-current</i>		
Rental bonds	<b>36,961</b>	20,311
<b>8 Inventories</b>		
Care Port spare parts	<b>30,580</b>	30,579
Frozen meals	<b>4,365</b>	4,365
	<b>34,944</b>	34,944
<b>9 Property, plant &amp; equipment</b>		
Land & buildings	<b>1,419,000</b>	1,419,000
Leasehold improvements at cost	<b>1,913,267</b>	1,791,785
Leasehold improvements acc depn	<b>(1,081,664)</b>	(902,467)
	<b>831,603</b>	889,318
Motor vehicles at cost	<b>788,996</b>	788,996
Motor vehicles acc depn	<b>(673,693)</b>	(616,956)
	<b>115,303</b>	172,040
Equipment, fixtures and fittings at cost	<b>759,385</b>	701,279
Equipment, fixtures and fittings acc depn	<b>(544,066)</b>	(416,134)
	<b>215,320</b>	285,145
Capital WIP	<b>61,647</b>	87,599
	<b>2,642,873</b>	2,853,102

**3Bridges Community Limited**  
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**Notes to the financial statements for the year ended 30 June 2023**

**9 Property, plant & equipment continued**

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

	<b>Land and buildings</b>	<b>Leasehold Improvements</b>	<b>Motor Vehicles</b>	<b>Equip, fixt and fittings</b>	<b>Capital WIP</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	1,419,000	889,318	172,040	285,145	87,599	2,853,102
Additions	-	121,482	-	143,420	-	264,902
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	(69,672)	-	(69,672)
Transfer from capital work in progress to Equipments	-	-	-	-	(25,951)	(25,951)
Depreciation expense	-	(179,198)	(56,737)	(143,573)	-	(379,508)
<b>Carrying amount at end of year</b>	<b>1,419,000</b>	<b>831,603</b>	<b>115,303</b>	<b>215,320</b>	<b>61,648</b>	<b>2,642,873</b>

*Accounting Policy*

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows, leasehold ranges from 3 to 20 years, motor vehicles 15-20% and all others 10-33%.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

During the prior year the company engaged an independent valuer and the property was valued with an increase in fair value of \$387,000.

*Fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

*Judgement and estimates*

The fair value of land and buildings involves estimates around the key observable inputs of recent sales, in comparison to 3Bridges property. The valuation inputs are level 3 category inputs.

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.



**3Bridges Community Limited**  
**ABN: 96 039 601 269**

**Notes to the financial statements for the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>10 Right-of-use assets</b>		
Right-of-use assets at cost	<b>1,555,112</b>	1,344,227
Right-of-use assets accumulated depreciation	<b>(1,133,380)</b>	(828,594)
	<b>421,732</b>	515,633
<i>Movement reconciliation</i>		
Opening balance	<b>515,633</b>	653,857
Additions	<b>210,885</b>	145,790
Amortisation	<b>(304,786)</b>	(284,014)
	<b>421,732</b>	515,633

*Accounting Policy*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The company leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The company also leases plant and equipment under agreements of between three to seven years

*Judgement and estimate*

*Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

**3Bridges Community Limited**  
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**Notes to the financial statements for the year ended 30 June 2023**

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>11 Intangibles</b>		
Intangibles at cost	905,875	704,711
Intangibles acc depn	<u>(261,524)</u>	<u>(62,872)</u>
	<b>644,351</b>	<b>641,839</b>
<i>Movement reconciliation</i>		
Opening balance	641,836	-
Additions	182,405	684,209
Amortisation	<u>(179,890)</u>	<u>(42,373)</u>
	<b>644,351</b>	<b>641,836</b>
<i>Accounting policy</i>		

Intangible assets are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Significant costs associated with software are recognised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. This involves judgement.

**12 Trade and other payables**

Trade payables	1,070,234	462,631
Other creditors and accruals	<u>1,356,297</u>	<u>558,454</u>
	<b>2,426,530</b>	<b>1,021,085</b>

*Accounting policy*

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**13 Contract liabilities**

Deferred revenue	2,043,895	4,466,318
	<u>2,043,895</u>	<u>4,466,318</u>

*Accounting policy*

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

*Judgement and estimates*

The key estimate is around assessing whether a revenue activity has been completed and recognised at a point in time, or percentage of completion when recognised over-time.

**3Bridges Community Limited**  
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**Notes to the financial statements for the year ended 30 June 2023**

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>14 Lease liabilities</b>		
Lease liabilities - current	257,465	270,802
Lease liabilities - non current	154,046	245,967
	<u>411,511</u>	<u>516,769</u>
<i>Movement reconciliation</i>		
Opening balance	516,769	664,317
Interest	42,155	41,325
Additions	210,885	145,790
Payment	(358,298)	(334,663)
	<u>411,511</u>	<u>516,769</u>

*Accounting policy*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

*Judgement and estimate -Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**15 Employee benefits**

*Current*

Annual leave	1,359,204	1,423,650
Long service leave	382,010	390,326
	<u>1,741,214</u>	<u>1,813,976</u>

*Non-current*

Long service leave	217,962	220,943
	<u>217,962</u>	<u>220,943</u>

*Accounting Policy*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**3Bridges Community Limited**  
**ABN: 96 039 601 269**

**Notes to the financial statements for the year ended 30 June 2023**

**15 Employee benefits continued**

*Judgement and estimates*

As discussed in this note above, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account which involve judgement and estimates.

**16 Reserves**

The revaluation surplus record revaluations of land and buildings which are non-current assets.

**17 Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2023	2022
	\$	\$
Aggregate compensation	<u>1,109,946</u>	<u>1,078,222</u>

**18 Contingent liabilities**

Currently there is a legal case before the NSW Tribunal filed against 3Bridges. At present any potential liability is not probable nor measureable.

The directors of 3Bridges Community Limited are not aware of any other contingent liabilities relating to the company as at 30 June 2023.

**19 Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**20 Events after the reporting period**

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

**3Bridges Community Limited**  
**ABN 96 039 601 269**

**Directors' declaration**

The directors of the Company declare that:

- 1 The attached financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, and accompanying notes to the financial statements, are in accordance with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-Profits Commission Act 2012 and the Charitable Fundraising Act 1991 and associated regulations, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- 2 The attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date.
- 3 As at the date of this report, there are reasonable grounds to believe that 3Bridges Community Limited will be able to pay its debts as and when they fall due.
- 4 The Company has taken reasonable steps to comply with the Charitable Fundraising Act 1991, the regulations and the conditions of the authority.
- 5 The Company has appropriate and effective internal controls for fundraising.

Signed in accordance with a resolution of the directors



Paul Hawkins  
Director

Dated: 25 October 2023

## INDEPENDENT AUDITOR'S REPORT

To the members of 3Bridges Community Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of 3Bridges Community Limited (the registered entity), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of 3Bridges Community Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2023 of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

#### 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.

#### Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the 3Bridges Community Limited annual report, but does not include the financial report and our auditor's report thereon.

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



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

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

#### Responsibilities of responsible entities for the Financial Report

The responsible entities 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, responsible entities 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.

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

#### Auditor's responsibilities for the audit of the Financial Report

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

BDO Audit Pty Ltd

*BDO*

*L. Russell*

Leah Russell

Director

Sydney 26 October 2023