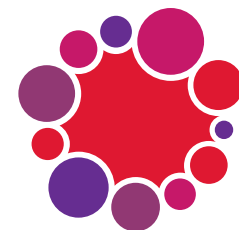




2019 Annual Report

Muscular Dystrophy
Queensland
We're stronger together





Our mission is to empower people living with muscular dystrophy and similar conditions to make the most of opportunities and live the lives they choose.

We're stronger together

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Office Bearers

Board of Management

Victor Attwood - Chairperson

Anthony Biggar - Director

Natasha Taylor - Director

Cullen O’Gorman - Director

Directors joining the board:

Robert McDowell - Director

Gavin Ruddell - Director (Finance)

Directors farewelled during 2019:

Ken Robertson - Director (Finance)

Company Secretary

Helene Frayne

Executive Staff

Helene Frayne - Chief Executive Officer

Penny Deavin - General Manager - Business & Development

Patron

Emeritus Professor John Pearn AO, RFD

Auditors

Vincent's Audit and Assurance

PO Box 13004, George Street, Brisbane Qld 4003

Honorary Life Members

Honorary life membership is offered by Muscular Dystrophy Queensland’s Board, to individuals and organisations who, through their work with our organisation have made an outstanding contribution to the community living with muscular dystrophy and similar neuromuscular conditions in Queensland.

Helen Anderson

Lynne Barnett

Andrew Bell OAM

Greg Bell

Arthur Brown

Rick Carr

Peter Denham

Graham Dyer

Ian Godbold

Peter Harry

Nan Hooker

Joyce Johnson

Reeve & Carol Kruck

Graeme Newton

Lorna Peters

Kathleen Platz

Helen Posselt

Betts Stevens

Organisational members:

Brisbane Harley Owners Group

JJ Richards & Sons

Chairperson's Report

2019 has been a year of exponential growth and transformation for Muscular Dystrophy Queensland (MDQ) as we rode the wave that is the National Disability Insurance Scheme (NDIS). This year, too, we were on our own as funding from Disability Services Queensland ceased as part of the roll out of the NDIS. Our new services had to grow and thrive and that they did!

As a person who lives with a neuromuscular condition, regular physiotherapy and hydrotherapy have helped me to counteract the progression in my condition and I was happy to see members of our community having access to specialist physiotherapy, hydrotherapy, and occupational therapy services for the first time.

We were able to build our NDIS based social work and counselling service, and continue to offer services through our free Helpline, staffed by an experienced social worker. We will always be there for people who travel a very individual journey as they live with the complexities and progressions which characterise a neuromuscular condition.

Using generous donor funds, we assisted many Queenslanders to access the NDIS, including when they were deemed ineligible in their initial application. Our advocacy and practical and professional support have resulted in a lifetime of funding for them.

Fundraising income hugely contributes to service provision and thanks go to all of our supporters for their faith in our work. I attended the Ray White ball in September and had a great time. I was able to see first hand, the generosity of the people of the Gold Coast, urged on by Andrew and Greg Bell who have been supporting Muscular Dystrophy Queensland and research into neuromuscular conditions for more than 20 years.

I would especially like to thank Kathleen Platz, from All Hallows School, who has organised the Red Bow collections in Brisbane city for so many years. Kathleen has stepped back from her role in organising the event and I wish her the very best. And the Brisbane Harley Owners' group are front and centre for their exciting HOG ride, held every year in May, in addition to fundraising events throughout each year.

Our participation in our national body, Muscular Dystrophy Foundation (MDF), continues to develop through creation of The Loop, a national, integrated, digital

resource, funded through the NDIS. It will revolutionise the way information is shared in our Australian community. In the latter part of 2019, we were sad though, to hear that Muscular Dystrophy South Australia ceased to exist. It was a reminder that transition to the NDIS world is tough.

Throughout 2019, my board colleagues and management staff have worked together to make strong decisions. I would therefore, like to thank my fellow Directors for their commitment in time and for their expertise in assisting MDQ to travel through this particularly challenging year. And special thanks go to our CEO, Helene Frayne and our General Manager, Penny Deavin for working over and above during this incredible period of growth and change.

Without exception, our staff are committed and hardworking and we have certainly called upon that commitment throughout 2019. I am always impressed by their positive attitude and adaptability as they have coped with constant and significant changes which will continue into 2020.

At the end of 2016, Ken Robertson retired as the finance director on the board. Since 2016, Muscular Dystrophy Queensland has had the benefit of Ken's experience and sound decision making. As Chair of the Finance and Risk Committee, Ken has transformed the financial performance and accountability of the organisation.

I write this just as COVID – 19 is affecting all businesses in Australia. At this point most of our clients have sensibly cocooned themselves and I wish them health and resilience to endure through this most challenging of times. Thanks to our donors, a move to online service provision, and with government assistance programs, we have also been able to retain our staff and on continue a reliable service for our community. We plan to come out on the other side, fit and healthy and rearing to go!



Victor Attwood

Chairperson

Finance and Risk Committee Report

The Finance and Risk Committee meets at least quarterly to oversee the financial performance of Muscular Dystrophy Queensland (MDQ) and to manage risk. Since the commencement of the Coronavirus pandemic the Committee has been meeting with greater regularity to assist our management team with meeting the challenges of operating a not-for-profit enterprise during these challenging times head on in order to ensure that MDQ navigates the challenges in a timely and pro-active manner. The committee is chaired by myself and committee members include MDQ's Chairperson, CEO and GM – Business & Development.

Finance

MDQ reported a deficit of \$44,616 for the year ended 31 December 2019. The 2019 deficit can largely be attributable to the significant change the organisation endured as a result of changes to the NDIS funding model and additional costs associated with the commencement of enhanced support services. It is also pertinent to note that this deficit includes non-cash expenditure of approximately \$66,653 in depreciation which in itself is largely attributable to a change in Australian Accounting Standards which now requires MDQ to calculate the value of its' non-cancellable operating leases for its premises and equipment. These leases are now recorded on MDQ's balance sheet as a "Right-of-use" asset and is depreciated over the lease term. This has meant a significant change to the Company's reported results and balance sheet.

Key to the financial results this year were:

- The cost of growing the new, NDIS related services.
- NDIS price margins which were partly addressed in the last half of the year.
- Investment in a transformation of outdated IT systems.
- Increased running and compliance costs in the Art Union while ticket sales dropped, such that by the end of 2019, plans were in place to re-structure this program.
- Previously recurrent state-based grant funding and related programs discontinuing.

Despite the risks of transitioning to the NDIS and transforming into a business model, MDQ is in a strong position to consolidate our services in 2020. We take this opportunity to assure MDQ's members that the Finance & Risk Committee, in conjunction with the Board of Directors, have been working closely with MDQ's Management team in order to navigate these uncertain times as a result of the

Coronavirus. Some strategies that have been implemented include:

- Obtained federal government support in the form of the Job Keeper assistance so we can continue to keep our people employed and maintain essential support services
- Obtained a number of smaller grants made available via the Qld Government
- Reduced discretionary spending
- Negotiating with our suppliers in order to obtain more favourable terms.

Risk and compliance

MDQ routinely reviews the risk register, managing risk related to service provisions and the business. New risks which emerged and were managed in 2019 included:

- The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability: Muscular Dystrophy Queensland welcomes the Royal Commission however we must also assess and manage risk associated with it
- Transition from the state based to the federal model for accreditation. In September 2020, we will be audited under the NDIS Commission's Quality and Safeguarding framework
- The committee ensure that Muscular Dystrophy Queensland meets its compliance obligations with the Australian Charities and Not-for-profit's Commission Queensland
- Human Rights Act 2019 was introduced and we are adjusting our processes to comply

I would like to take this opportunity to thank my incumbent, Ken Robertson, who has recently resigned from Muscular Dystrophy Queensland's board for his contribution to the organisation over the last three years. During his tenure with MDQ, Ken has been influential in overseeing the organisation's finance, risk, compliance and transition to our new operating model. I'm sure my fellow Directors join me in thanking Ken for his services and wish him well for his future endeavours.

Gavin Ruddell

Chairperson - Finance and Risk Committee



A message from our CEO

The secret of change is to focus all of your energy, not on fighting the old, but on building the new.

(Socrates)

It was with an excited and fearful, *building the new* attitude that Muscular Dystrophy Queensland faced 2019, and after an overwhelmingly busy and sometimes chaotic year, we can look back on some outstanding successes and some lessons learned.

Because of the roll out in Brisbane of the NDIS, our user pays services grew at a speed we could not have predicted.

This meant that we were constantly needing to review whether more staff were needed for our growing services, especially as NDIS Participants became aware of the specialized nature of Muscular Dystrophy Queensland. On a positive note, as a result of their NDIS Plan, so many members of our community were in receipt of funding to support their disability needs for the first time in their lives.

At the end of 2019, MDQ has 548 clients with an unprecedented 61 new clients registered throughout the year (12% growth), which is satisfying as we are reaching out to more Queenslanders with neuromuscular conditions.

The Directors have ably led Muscular Dystrophy Queensland through this exciting year, directing the complex entity that is a not-for-profit. I would like to thank all of the Directors for their unwavering support of the organisation and of me throughout 2019. Victor Attwood led the Directors with commitment to our community and our staff. The relationship between the Chair and CEO is critical and I am grateful to Victor for the trusting and respectful, professional relationship we have built over the years. Our Directors volunteer their time and so do several other people who volunteer for our events and provide administrative support. Thank you to all our volunteers!

At end April, there was turnover in the management team so with the board's approval, I re-structured this team, moving forward with just a CEO and

General Manager - Business and Development, Penny Deavin. Penny and I have complementary strengths and work extraordinarily well together. We are certainly much busier as each of us has absorbed some of the work that was done by a third manager, however decisions are more streamlined and efficient. Thank you, Penny, for your intelligent analytic skills, extraordinary work ethic, and longstanding commitment to Muscular Dystrophy Queensland.

Since 2018, the CEOs of the other states and Queensland have been working together as members of our national organisation, Muscular Dystrophy Foundation, to develop a national website and forum for our neuromuscular community. Muscular Dystrophy Queensland has dedicated staff to its development e.g. Kim McNab as leader of content development, and we are looking forward to its launch early in 2020. This innovative and unique product for our community was funded by the NDIS.

It has been five years since I was fortunate enough to be appointed as CEO of Muscular Dystrophy Queensland. The most gratifying part of my role is when I see that it is Muscular Dystrophy Queensland which has made a positive change to the life of a member of our community – mostly these changes have been achieved because we have the support of wonderfully generous donors. We have been able to support funding of a long awaited wheelchair; a cough assist machine loan has helped a people leave hospital for the comfort of their homes; our advocacy has influenced the revival of a vital health program and linked many people into government funding and other services they need and deserve.

Helene Frayne
Chief Executive Officer



Business & Development

This year Muscular Dystrophy Queensland significantly increased staffing, necessary to support our expanding array of services and strived to develop and implement new business processes.

We've welcomed new colleagues, with our staff growing in numbers from 16 to 22 by the end of the year. Our mission is at the heart of our organisational culture and front of mind as we carry out our daily tasks. Each of us, from those who have been with MDQ for many years to those who have only recently joined, have a genuine interest in creating positive outcomes for the neuromuscular community.

The focus for our finance and administration team has very much been about system development and refinement. This work has been crucial in translating the transformational change which is the NDIS into MDQ's sustainability. We plan to strengthen these systems in 2020.

Our fundraising team has also undergone some change over 2019 as well. As mentioned in previous reports, I also stepped away from a direct fundraising role, to more broadly manage MDQ's operations as GM - Business and Development. We also farewelled Events Specialist, Celeste Baker, who organised and represented MDQ at so many events, and in her time had raised significant income to fund our client programs. Of course, we wish her every success in the future. With these changes, we were able to review our fundraising programs and refocus on areas our donors and event goers have told us they prefer to support. We welcomed Renae Randle, as Fundraising Specialist and she joins Kathryn Chopping and the Contact Centre Team, working together to support our donors, art union and fundraising events.

With a significant grant from the Community Benefit Fund, we have been able to overhaul our ancient IT systems and equipment, which has created efficiencies across the whole organisation. Our team have truly embraced the challenge of change this year; from our Contact Centre using technological systems for the first time to our frontline staff able to access notes via the cloud while out and about visiting our clients.

We also expanded our footprint a little to open our new Client Centre in leased premises next door to our office in Nundah. With more accessible parking, a private

meeting room and a large, well equipped treatment space, we're able to offer improved services and even, group sessions. We're grateful for the support of our charitable foundations and generous donors who together, have helped us set up this space.

I've had the pleasure of working with so many of MDQ's stakeholders over the years; the staff who have worked alongside me, the suppliers who give their most competitive pricing, our donors and supporters who give so generously and willingly to support our work and our clients, who have trusted me with their stories and friendship. As we move forward to 2020 and beyond, I'm committed to doing my best for all.



Penny Deavin

General Manager - Business & Development



It's always a pleasure to meet our supporters. Above, Renae Randle and Penny Deavin celebrate with our lucky major prize winner of Art Union 94 in November.

Our Services & Programs

As stated earlier, a significant achievement of 2019 has been the introduction of a range of new services for clients funded under the NDIS. While the majority of our community do access these services with NDIS funds, others have used alternative funding sources, such as a chronic disease management plan for example. MDQ also continue to offer a range of free services, funded via charitable contributions from our generous donors and fundraising supporters.

We welcomed 61 new clients to our neuromuscular community in 2019. Sadly, 15 members of our community passed away. They were all known to our staff and all will be remembered.

The majority our clients live in Queensland's South East Corner and Muscular Dystrophy Queensland has further work to do to achieve our goal of being available for all Queenslanders with neuromuscular conditions.

Members of our community were mostly satisfied with our services and, if they did raise an issue of concern, were treated with respect as we worked with them



Peta and Millie accessed our advocacy program this year after several unsuccessful attempts to have Millie's NDIS funding plan reviewed. We helped ensure Millie had adequate overnight supports in place, so that the family could benefit from a decent sleep schedule and Peta could continue working.

to understand and to improve. Our annual Client Survey evidenced a 91.3% level of satisfaction with service quality which was a 10% increase on previous years.

MDQ's Extended Care Program

Within our resources, Muscular Dystrophy Queensland strives to meet the real needs of our community and even though most members of our community now have the NDIS, there are still gaps. We are grateful to have donor funds to provide a set of free services under our Extended Care Program.

Helpline

A social worker with specialist neuromuscular knowledge responded to 143 people, who called or emailed an enquiry to our free helpline over the course of the year. We are able to assist with a broad range of queries and concerns. Often we resolve the query over the phone. Occasionally a little more assistance is needed. Some examples include a face-to-face meeting to assist with preparation for their planning meeting; practical and empathetic response to people newly diagnosed with a neuromuscular condition; assisting a person to find services when they are not eligible for an NDIS Plan; referral information; arranging for pro bono services from MDQ's internal teams, our Social Worker's reassuring and knowledgeable conversation defines a person's entry to a lifetime of Muscular Dystrophy Queensland's services.

Advocacy

Advocacy underpins all of our work as we strive for the best possible outcomes for clients so all staff are encouraged to be a voice of support. For example, our support coordinators educated new NDIS entrants about the planning process, and separately, advocated for our clients whose needs were overlooked in the NDIS planning process.

As the state's peak body, Muscular Dystrophy Queensland also leads systemic advocacy for our community. As an example of this work, in January, Victor Attwood, Helen Posselt (former MDQ Director and retired specialist physiotherapist) and CEO, Helen Frayne met with some senior bureaucrats from Qld Health to protest the discontinuation of funding for a specialist neuromuscular allied health clinic at the Princess Alexandra hospital. Mid-year, we heard that not only had funding been reinstated but it was recurrent!



Our social worker, Lindell, offers support via MDQ's free helpline and equipment loan programs.

Breathe Easy Cough Assist Loan program

Qld Health has extended the investment our donors have made, by committing to provide long term funding of our cough assist machine loan program. Now with a specialist community based physiotherapy program and stronger links with hospital based physiotherapists, MDQ is recognised as having the expertise to contribute to respiratory health of people with neuromuscular conditions.

Rest Well Bed Loan Program

This program continues to be necessary for people who do not have funding for equipment. In 2019, beds were provided to people who were inadequately funded under the aged care system and others who were not eligible for an NDIS Plan because of their citizenship status. This program also continued to maintain beds while they remain useful for clients benefitting from the program.

Counselling for bereaved family members

In 2019, we reviewed how we could more actively assist family members after the death of a loved one, and support their need to re-focus their life goals after years of providing dedicated focus and care. In response, we have developed a new program which offers individual counselling packages to these family members.

Responding to needs as they arise

A pro bono support and advocacy program for people who have had NDIS eligibility rejected, has continued through 2019. Clients supported by the program have almost invariably had success in achieving eligibility, thus providing them with a lifetime of funding to support their disability needs.

Our Extended Care program is extensive, ambitious and challenging for a small organisation, however it is well supported by donors and funders and makes a real difference to the quality of life of our clients.

Projects

The principal project in 2019 has been development of The Loop: Your Neuromuscular Resource Hub in partnership with the other members of our national body, Muscular Dystrophy Foundation. The Loop offers Australians and their families an informed and personable perspective on all aspects of living with a neuromuscular condition. It includes information, the opportunity for people to share resources and experiences, and also a live forum.

Muscular Dystrophy Queensland has been very committed to the development of the resource with Kim McNab, team leader of the client services team, performing the crucial role of leader of the content development team. Lynne Borgert, our senior physiotherapist, is also consulting on the clinical content. Helene Frayne has served on the executive committee, which leads the development of the product. The Loop will be launched in 2020.





Our specialist Allied Health Team regularly run equipment trial sessions. During this session in April our clients were interested to trial the Strikeforce electric wheelchair; popular amongst Queensland's powerchair footballers.

User Pays Services

With the loss of funding from Disability Services Queensland, Muscular Dystrophy Queensland has developed commercial services, aligned with our Mission and needs identified by our clients. What we started slowly in 2018, grew rapidly in 2019, creating new roles and teams.

Allied health

In 2019, there was a threefold increase in the allocation of hours to our physiotherapy and occupational therapy staffing. An Allied Health Assistant also joined the team. The team's high level of skill and engagement with clients has contributed to MDQ's reputation. Our Senior Physiotherapist, Lynne Borgert, led this engagement. Thank you Lynne for your hard work and consistent support of the program. Any profits raised through this work go back to our community, towards funding the free extended care program

As well as individual assessments and treatments, hydrotherapy was offered individually and in groups. We are now planning balance groups and an allied health outreach service with our first visit to Cairns, scheduled for February 2020.

Support Coordination

Our 'backbone' service, Support Coordination continued to receive many referrals. Our support coordinators as they patiently work through the complex issues which our participants need to address in the implementation of their NDIS Plans, while managing different client expectations as most of the participants were new to the way the NDIS worked. The team was led by Kim McNab, whose organisational skill and patience is extremely admirable.

Plan Management

There were challenges in Plan Management too with staff turnover, difficulty sourcing efficient software to support such a new service, and implementing new business systems. At the end of the year, MDQ continue to work towards providing the very best service we can and to meet our client expectations - the outlook is positive. We thank our loyal Plan Management customers for trusting us with this important service.

Clients accessing MDQ's User Pays Services throughout 2019

Service	No. of Clients at 30 Dec 2018	No. of Clients Accessing Services in 2019
Plan Management	54	103
Support Coordination	49	104
Counselling/Social Work	2	18
Physiotherapy	29	69
Occupational Therapy	19	89
Allied Health Assistance	Nil	40

Thanks to our donors and supporters

The generosity of our donors ensures that we can work towards our mission of empowering people with muscular dystrophy and similar neuromuscular conditions to live the lives they choose. Our heartfelt thanks go to everyone who has generously donated their time and money to our mission.

Art Union

Muscular Dystrophy Queensland offered supporters quarterly Art Unions with a chance to win a cash prizes. Our winners came from all around Queensland. Thank you to everyone who buys tickets and especially to our regular ticket purchasers. Through the purchase of regular tickets we are more easily able to predict our income so that we can better plan support for our clients.

Events

Red Bow Day and Tea for MD:

Each year, for 25 years on the first Friday in March, the Year 11 students from All Hallows Girls School have taken over street corners in the Brisbane CBD to collect donations and sell merchandise for our Extended Care program. We are extremely grateful for the ongoing relationship with All Hallows Girls School. March also marks our month of Tea for Muscular Dystrophy. Our wonderful supporters host morning

teas in their homes and workplaces to raise money for people with MD.

MDQ Brisbane HOG Charity Ride:

A much anticipated event on the MDQ and Brisbane Harley Owners Group Calendar, 2019 marked nearly thirty years of the ride. Over 100 riders and their pillions take part each year and on the way, have a wonderful time and take in the sights of South East Queensland. A special thanks goes to Rod Cadman who designed a bespoke precious gem pendant which was raffled in a special Art Union. And as always a huge thank you to Brisbane HOG – you're awesome!

Bridge to Brisbane

Our CEO Helene joined Respiratory Physician, Leanne Gauld who had organised a team of runners and walkers, health professionals and their families from several Brisbane hospitals. Pounding the pavement for 10kms, the MDQ team was recognised over the public address system for the size of the team and our distinctive red t-shirts.

Cairns Ride Walk Roll

For the past few years, the residents of Cairns have turned out at the end of August to cycle, walk and roll through tropical North Queensland. We're so pleased to be able to host an event for our clients in Queensland's north and acknowledge





the support of Chris Wiles who drives this event for us. Thank you Chris, our local Cairns community and businesses!

Ray White Surfers Paradise Ball

We are honoured to continue our over 20 year relationship with Andrew and Greg Bell, Selena Carson and their team at Ray White Surfers Paradise. Each September, the Gold Coast community glams up to raise money for MDQ. Special thanks go to these wonderful people who fund research and also our Extended Care program.

Community Fundraisers

We have dedicated groups of fundraisers who choose to hold their own events to raise funds for people with neuromuscular conditions. To everyone who has held an event or chosen us as the beneficiary of their fundraising activities we send you a huge high five and a massive thank you.

Bequests

We are always deeply grateful when a person makes the commitment to leave a gift to Muscular Dystrophy Queensland in their will. It is our hope that

our supporters let us know of their intentions during their life, so that we can understand and can honour the intention of their gift. In 2019, we connected with several generous donors who confirmed they had made this commitment. And in 2019, we were honoured to receive bequests from; Emily Reinhardt, Tom Dickson, Alan Robinson and Joan Neumann.

Charitable Grants

Thanks to Trusts and Foundations which have supported us throughout 2019, we have been able to do the following:

- Drive funded vehicles to provide home visits rather than centre based appointments throughout south east Queensland
- Long term loans of beds for people who are not eligible for NDIS funding
- IT equipment
- Meet our clients needs, extending the care we provide and funding our ability to respond in a crisis.

Muscular Dystrophy Queensland Ltd.

ABN 14 908 553 738

ACN 621 816 975

Financial Statements

For the period covering 1 January to 31 December 2019

Directors' Report

The Directors of the Company (Muscular Dystrophy Queensland Ltd, Muscular Dystrophy Queensland or MDQ) present their report for the period 1 January 2019 to 31 December 2019. This report is to be read in conjunction with Muscular Dystrophy Queensland's Financial Statements pertaining to the same period.

1. Strategic Objectives

These are outlined in the Muscular Dystrophy Queensland Ltd Strategic Plan 2018 – 2022 and are as follows:

Long term objectives

- I. Provide relevant, specialised information and services which result in positive impact.
- II. Raise awareness of all aspects of muscular dystrophy and similar conditions in the Australian community.
- III. Form positive partnerships, collaborations and alliances.
- IV. Build a secure and sustainable future for Muscular Dystrophy Queensland.
- V. Promote a culture of agility, deep expertise and innovation.

Short term objectives

- I. To support people to enter the NDIS system.
- II. To extend the specialised allied health service in size, breadth of services, and geographical reach throughout south east Queensland.
- III. To grow MDQ's support coordination services in south east Queensland.
- IV. To grow plan management services throughout Queensland for our neuromuscular community.
- V. To develop MDQ's user pays services as a significant income source.
- VI. To complete the implementation of the IT strategy and to transition to paperless systems.
- VII. Restructure business processes.
- VIII. Review and remodel fundraising services.

Strategies adopted in 2019

- I. Review and update MDQ Strategic Plan.
- II. 5% growth of client numbers.
- III. Strategy for the Extended Care program is managed growth.
- IV. Growth of all user pays services.
- V. Re-structure of business services to create a finance team.
- VI. Review and replace nonperforming business systems.
- VII. Professional development and individual mentoring (where appropriate) for frontline staff.
- VIII. Culture of continual review and improvement.
- IX. Focus on process improvement and documentation.
- X. Monitor and review Art Union.
- XI. Address Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disabilities.

2. Principal Activities

Muscular Dystrophy Queensland is a peak body and service provider for Queenslanders living with muscular dystrophy and similar conditions and their families. The company is also a provider of user pays services which includes being a provider under the National Disability Insurance Scheme (NDIS).

As stated in the Muscular Dystrophy Queensland 2018 – 2022 strategic plan, 2019 was targeted as a year of the growth of user pays client services in response to the introduction of the National Disability Insurance Scheme (NDIS). At the of 2019, Muscular Dystrophy Queensland had also experienced a 12% increase in client numbers against a KPI of 5% increase. Increased demand resulted in higher growth than budgeted.

Income generating client services are as follows:

- Plan Management
- Support Coordination
- Allied health

3. Key Performance Measures

The Company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the Directors to assess the financial sustainability of Muscular Dystrophy Queensland and whether the Company's short term and long-term objectives are being achieved.

- Percentage growth in client numbers
- Level of client satisfaction measured through annual client survey
- Percentage growth in size of allied health services
- Percentage growth in income generated by Plan Management income
- Percentage growth in number of Support Coordination clients
- Each of the four scheduled Art Unions to generate a small surplus
- With increased expenses related to growth, KPI was to have no greater than a \$20,000 deficit for the 2019 year

4. Review of operations

During the year, Muscular Dystrophy Queensland continued to engage in its principal activities, the results of which are disclosed in the attached financial statements and summarised as follows:

Short term goals for Client Services were:

- To grow the NDIS related services to meet demand. The budgeted income for services was \$588,643 with actual income for 2019 was \$839,110.
- Budgeted client services employment related expenses were \$562,965. Actual expenses were \$877,780 as a result of increased staffing to meet demand. There was growth particularly in physiotherapy and allied health assistant services. Given the nature of MDQ's services, this was a positive outcome

It is evident that Muscular Dystrophy Queensland achieved its short-term objective of creating significant income via user pays client services under the framework of the NDIS. As expected, government funding was significantly reduced in 2019 as a recurrent grant from Disability Services Queensland transitioned to zero in mid-2019 (result of the NDIS). Budgeted income from government was \$96,833 and actual income was \$116,681

Greater than expected resources were invested in the IT strategy, plan management and response to the business activities related to the introduction of the NDIS services. Unfortunately, this was a contributing factor to reduced fundraising income, along with extended gaps in staffing and staff absences, and an under-performing Art Union. Fortunately, events income was well above budget and expenses were slightly lower than budgeted. At end of 2019, a re-structure plan for the Art Union was developed, which will be implemented in 2020.

Muscular Dystrophy Queensland's fundraising tactics are as follows:

- Four appeals for donations per year
- Art Union
- Events

Funds raised by these tactics are used to provide free/charitable services for clients throughout Queensland. Budgeted fundraising income for 2019 was \$1,192,394 against a pleasing result of \$1,233,299.

Muscular Dystrophy Queensland Ltd is also a member of another entity, Muscular Dystrophy Foundation Ltd which gives people living with neuromuscular conditions a national voice.

At end of 2019, the proposed re-structure of business services to create a finance

team was underway, creating process efficiencies and streamlining the plan management service. An underperforming business system was replaced in plan management and all departments made significant progress towards paperless systems, particularly in the fundraising call centre.

5. Subsequent Events

In mid-March 2020, the impact of COVID-19 became evident in Muscular Dystrophy Queensland's income generating products – client services and fundraising. There were significant concerns about staff safety and almost all staff were supported to work from home. The office has not closed during the pandemic as Muscular Dystrophy Queensland provides essential health services for our community.

From mid-March, the majority of clients cancelled face-to-face, income generating allied health and support coordination appointments. Group sessions and hydrotherapy were cancelled as immediate steps were taken to ensure client safety. Muscular Dystrophy Queensland's new Client Centre was closed. All fundraising events were cancelled, resulting in loss of all income from this source. Donors and Art Union purchasers became more cautious in their giving patterns.

During the period March – May, the following changes have occurred/been instituted:

- Cost saving measures, especially in human resources
- Budgeted positions have not been recruited and
- Vacancy in a key position has not been recruited with tasks completed by the management team
- Existing staff have diversified their roles
- Allied health has continued to provide a face-to-face service which is beneficial to clients and is generating steady income. Telehealth styled services have been offered with minimal response
- Support coordination and Plan Management products translated successfully to an online model and continued with minimal interruption
- There was increased demand upon our free helpline services and MDQ has increased service provision in this area in response

- A crisis fundraising appeal has been successful and a re-modelled Art Union is achieving income.
- All events remain postponed or cancelled.

The Directors have made the following changes to ensure additional financial vigilance as a result of COVID-19:

- Increased frequency of board meetings – monthly and additionally as required.
- Finance and Risk committee meetings held monthly rather than quarterly.
- Extensive budget review and financial forecasting have been undertaken.
- Muscular Dystrophy Queensland has benefited from the following COVID-19 related grants.
- JobKeeper payments.
- Boosting cash flow for employers grant.
- Advance payment from the NDIA (to be recouped by the NDIA at a date to be determined).
- Queensland Health COVID-19 Grant Fund: Immediate Support Measures.

The Commonwealth government's support payments and the Queensland state government grant will have a considerable positive effect on the Company's resources to manage the downturn in business created by COVID-19. To date, it has not been necessary to require staff to work reduced hours.

The Company continues to closely monitor client safety and is encouraging clients to resume face-to-face services with strict infection control procedures in place. In late May 2020, there is increased interest from clients to re-commence services.

6. Directors' Details

The following persons were Directors of Muscular Dystrophy Queensland during and/or since the end of 2019. All Directorships are provided in an honorary capacity.

Seven Directors' meetings were held in 2019. Finance and risk committee meetings were held quarterly.

Mr. Victor Attwood

Chairperson: Nov 2017 - Present
Director: Nov 2017 - Present
(Director under prior structure - Muscular Dystrophy Assoc. of Qld Inc.: 2016 - 2017)

Special Responsibilities:
Finance & Risk Committee: 2018 - Present
Represents MDQ Ltd as Director, Muscular Dystrophy Foundation Australia Ltd.

Victor brings extensive management, leadership and governance experience. Victor had a long career in local government, serving as Deputy Mayor of Ipswich City Council and as a senior member of several not-for-profit boards. Victor and his son live with Charcot Marie Tooth, a neuromuscular condition.

Attended 7 of a possible 7 meetings

**Mr. Anthony Biggar
LL.B**

Director: Nov 2017 - Present
(Director under prior structure - Muscular Dystrophy Assoc. of Qld Inc.: 2016 - 2017)

Special Responsibilities:
Nil

Tony is the founding Legal Practitioner of Big Law Pty Ltd Solicitors and has also practiced in rural locations in Queensland. He is a member of the Property Law and Practice Committee of the Queensland Society and the Honorary Solicitor for several community organisations in Monto, Queensland.

Attended 7 of a possible 7 meetings

**Mr. Kenneth Robertson
BBus (Accy) FCA CTA TEP RCA**

Director: Nov 2017 - March 2020
(Treasurer under prior structure - Muscular Dystrophy Assoc. of Qld Inc.: 2016 - 2017)

Special Responsibilities:
Chair, Finance & Risk Committee: 2018 - March 2020

Ken is an experienced chartered accountant, CEO of Nexia Brisbane, and board member of Nexia Australia. Ken is a Fellow of Chartered Accountants Australia and New Zealand, a Chartered Tax Adviser, a Registered Company Auditor, and a member of the Society of Trust and Estate Practitioners.

Attended 6 of a possible 7 meetings

**Mr Gavin Ruddell
B.Com CA RCA**

Director: March 2020 - Present

Special Responsibilities:
Chair, Finance & Risk Committee: March 2020 - Present

Gavin is a Chartered Accountant, Registered Company Auditor and a Director of Nexia Brisbane Audit with almost two decades of experience in public practice and commercial finance roles. As well as his financial skills set, he brings to the board considerable expertise in corporate governance and risk management.

Attended 0 possible meetings - appointed March 2020

**Dr. Cullen O’Gorman
BSc (Hons) MBBS PhD FRACP
AFRACMA**

Director: Nov 2017 - Present

Special Responsibilities:
Nil

Cullen is a specialist Neurologist, Clinical Neurophysiologist and is the Head of Neurology at Brisbane’s Mater hospital. He also consults at the Princess Alexandra hospital and is in private practice. Cullen completed his undergraduate studies in the UK and Australia and postgraduate fellowships at the Mayo Clinic, Rochester, USA.

Attended 6 of a possible 6 meetings

**Dr. Natasha Taylor
BVetSc (Hons) BVetBiol (Hons)**

Director: Nov 2017 - Present

Special Responsibilities:
Nil

Dr Natasha Taylor is a veterinary surgeon, business owner and runs two successful veterinary practices in Brisbane. Natasha has lived experience of a neuromuscular condition, with an adult son who has Duchenne muscular dystrophy.

Attended 6 of a possible 7 meetings

The Directors’ Report is signed in accordance with a resolution of the Directors.



Victor Attwood, Chair
11 June 2020

**Mr. Robert McDowell
B.Pharm**
Director: Sep 2019 - Present

Special Responsibilities:
Nil

Bob is a retired pharmacist and was a pharmacy owner for over 30 years. He is a member of the Pharmacy Guild of Australia and has served on the Qld branch committee for 12 years, including holding the positions of Vice President Finance and member of the Local Advisory Committee of Pharmaceutical Defence Ltd (PLD). Bob lives with Fascio Scapular Humeral muscular dystrophy (FSHD).

Attended 3 of a possible 3 meetings



Gavin Ruddell, Director
11 June 2020

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

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For the Year Ended 31 December 2019

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Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Financial Statements

For the Year Ended 31 December 2019

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the directors of Muscular Dystrophy Queensland Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

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

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Tim Cronin
Director
Vincents Assurance & Risk Advisory
11 June 2020

Brisbane

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

		2019	2018
	Note	\$	\$
Income			
Fundraising revenue	2	1,233,299	1,314,722
Client services revenue	2	839,110	439,188
Operating revenue	2	11,415	27,556
		2,083,824	1,781,466
Expenses			
Fundraising expenses		734,832	693,971
Client services expenses		998,278	564,363
Capital expenses		35,697	66,007
Operating expenses		359,633	414,056
	3	2,128,440	1,738,397
Surplus/(deficit)		(44,616)	43,069

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	908,003	1,012,479
Trade and other receivables	5	56,171	32,967
Inventories	6	8,060	11,617
Investments		-	10,125
TOTAL CURRENT ASSETS		972,234	1,067,188
NON-CURRENT ASSETS			
Property, plant and equipment	7	74,313	55,236
Other receivables	5	11,374	11,374
Right-of-use assets	8	241,832	-
TOTAL NON-CURRENT ASSETS		327,519	66,610
TOTAL ASSETS		1,299,753	1,133,798
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	173,503	87,919
Other financial liabilities	10	99,929	165,406
Lease liabilities	8	68,882	-
Provisions	11	4,893	-
Employee benefits	12	91,822	83,883
TOTAL CURRENT LIABILITIES		439,029	337,208
NON-CURRENT LIABILITIES			
Employee benefits	12	1,984	16,700
Lease liabilities	8	123,466	-
TOTAL NON-CURRENT LIABILITIES		125,450	16,700
TOTAL LIABILITIES		564,479	353,908
NET ASSETS		735,274	779,890
MEMBERS' FUNDS			
Retained earnings		735,274	779,890
TOTAL MEMBERS' FUNDS		735,274	779,890

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Changes in Equity

For the Year Ended 31 December 2019

	Retained Surplus \$	Total \$
Balance at 1 January 2019	779,890	779,890
Surplus/(deficit) during the year attributable to members	(44,616)	(44,616)
Balance at 31 December 2019	735,274	735,274
	Retained Surplus \$	Total \$
Balance at 1 January 2018	736,821	736,821
Surplus/(deficit) during the period attributable to members	43,069	43,069
Balance at 31 December 2018	779,890	779,890

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Statement of Cash Flows

For the Year Ended 31 December 2019

Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants and customers	2,079,415	1,750,701
Payments to suppliers and employees	(2,065,695)	(1,692,617)
Interest received	11,032	13,105
Interest paid	(4,142)	-
Net cash provided by/(used in) operating activities	14	14
	<u>20,610</u>	<u>71,189</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for the acquisition of plant and equipment	(60,976)	(29,552)
Proceeds from disposal of investments	10,125	-
Net cash provided by/(used in) investing activities	14	14
	<u>(50,851)</u>	<u>(29,552)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of finance lease liability (principle)	(74,235)	-
Net cash provided by/(used in) financing activities	14	14
	<u>(74,235)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	14	14
Cash and cash equivalents at beginning of year	1,012,479	970,842
Cash and cash equivalents at end of financial year	4	4
	<u>908,003</u>	<u>1,012,479</u>

The accompanying notes form part of these financial statements.

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements

For the Year Ended 31 December 2019

Basis of Preparation

In the Directors' opinion the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

These special purpose financial statements have been prepared on an accruals basis to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of *AASB 101 Presentation of Financial Statements*, *AASB 1031 Materiality*; *AASB 107 Statement of Cash Flows*, *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* and *AASB 1054 Australian Additional Disclosures*.

New Accounting Standards and Interpretations adopted

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 January 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 January 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services passes to the customer.

Having reviewed the terms and conditions of grants received by the Company, some of them are within the scope of AASB 1058 and others within AASB 15 which has resulted in deferral of revenue for these monies.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

New Accounting Standards and Interpretations adopted

Leases - Adoption of AASB 16 Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are the same value as the leased asset and liability on 31 December 2019.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$266,585 at 1 January 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 was 5.39%.

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. Accordingly, no provision for income tax has been made in these financial statements.

(b) Property, plant and equipment

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Furniture, Fixtures and Fittings	5-6 years
Motor Vehicles	5-6 years
Computer Equipment	3-7 years
Medical Equipment	4-5 years

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.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the surplus for the year.

(c) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company 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

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

- loans and receivables;
- financial assets at fair value through profit or loss;

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(c) Financial instruments

Financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(c) Financial instruments

Financial liabilities

The Company's financial liabilities includes trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(d) Employee benefits

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

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

(e) Cash and cash equivalents

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

(f) Leases

For current year

At inception of a contract, the Company 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.

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(f) Leases

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 Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company 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.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company 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 Company'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 Company's assessment of lease term.

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

Exceptions to lease accounting

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

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(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 Company 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 contracts with customers - from 1 January 2019

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

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

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

(i) Legacies

Legacies are recognised when the legacy is received.

Revenue from legacies comprising bequests of shares or other property is recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Grant revenue

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but may include management of education events, vaccinations, presentations at symposiums.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(g) Revenue and other income

Grant revenue

and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Donations

Donations and bequests are recognised as revenue when received.

Rendering of services

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

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

(ii) Interest Income

Interest is recognised using the effective interest method.

(h) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts received from donors. Receivables expected to be collected within 12 months from the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(i) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period that remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(j) Leases

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.

(k) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

(m) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 January 2019. The adoption of AASB 16 has resulted in material adjustments to the reported financial position of the Company. Refer to Note 8 for details.

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

2 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Fundraising revenue		
- Donations	419,821	581,517
- Bequests	135,000	78,899
- Art Unions	170,880	187,776
- Events	429,727	304,359
- Charitable grants and contributions	77,871	161,799
- Product sales	-	372
Total fundraising revenue	1,233,299	1,314,722
Client service revenue		
- Government funding	116,681	261,460
- Fees from services	722,429	177,728
Total client service revenue	839,110	439,188
Operating revenue		
- Earnings on investments	11,032	15,856
- Membership	140	120
- Revenue from other sources	243	11,580
Total operating revenue	11,415	27,556
Total Revenue	2,083,824	1,781,466

3 Expenditure

Employment expenses	1,503,134	1,091,654
Depreciation - Plant and equipment	41,899	66,007
Depreciation - Right-of-use asset	24,753	-
Rent	9,159	69,358
Insurance	12,099	11,662
Contributions to medical research	109,948	65,824
Other expenses		
- Relating to the provision of client services	45,389	112,887
- Relating to fundraising and event activities	258,698	237,316
- Relating to operating activities	123,361	83,689
Total Other expenses	427,448	433,892
Total expenditure	2,128,440	1,738,397

4 Cash and Cash Equivalents

Cash at bank and in hand	382,178	599,192
Short-term bank deposits	525,825	413,287
	908,003	1,012,479

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

5 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	45,550	23,060
Prepayments	10,621	9,907
	56,171	32,967
NON-CURRENT		
Deposits	11,374	11,374

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.

6 Inventories

	2019	2018
	\$	\$
CURRENT		
At cost:		
Stock	8,060	11,617

Write downs of inventories to net realisable value during the year were NIL (2018: NIL).

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Notes to the Financial Statements For the Year Ended 31 December 2019

7 Property, plant and equipment

	2019 \$	2018 \$
PLANT AND EQUIPMENT		
Equipment		
At cost	48,388	24,671
Accumulated depreciation	<u>(25,473)</u>	<u>(16,714)</u>
Total plant and equipment	<u>22,915</u>	<u>7,957</u>
Motor vehicles		
At cost	36,215	19,159
Accumulated depreciation	<u>(9,448)</u>	<u>(5,508)</u>
Total motor vehicles	<u>26,767</u>	<u>13,651</u>
Computer equipment and software		
At cost	96,393	73,671
Accumulated depreciation	<u>(71,762)</u>	<u>(40,043)</u>
Total computer software	<u>24,631</u>	<u>33,628</u>
Total property, plant and equipment	<u>74,313</u>	<u>55,236</u>

8 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over equipment and buildings.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The building lease is for the corporate office, expires on 23 September 2022 and has a 3 year option extension at the discretion of the Company. The rentals are subject to a CPI review at each anniversary date.

The equipment leases are for various items of equipment, the original lease was signed in 2019 and expires in 2024, the lease payments are fixed with no extension option.

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Notes to the Financial Statements For the Year Ended 31 December 2019

8 Leases

Right-of-use assets

	Buildings \$	Equipment \$	Total \$
Year ended 31 December 2019			
Balance at beginning of the year	-	-	-
Change due to adoption of AASB 16	250,831	15,754	266,585
Depreciation charge	<u>(21,912)</u>	<u>(2,841)</u>	<u>(24,753)</u>
Balance at end of year	<u>228,919</u>	<u>12,913</u>	<u>241,832</u>

Lease liabilities

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

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$
2019				
Lease liabilities	68,294	144,851	-	213,145

Lease liabilities included in the Statement of Financial Position:

	2019 \$	2018 \$
CURRENT		
Lease liabilities	68,882	-
NON-CURRENT		
Lease liabilities	<u>123,466</u>	<u>-</u>
Total	<u>192,348</u>	<u>-</u>

Extension options

The building leases contain extension options which allow the Company to extend the lease term by up to three years.

The Company includes options in the leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Leases

Statement of Profit or Loss and Other Comprehensive Income

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

	2019
	\$
Interest expense on lease	4,142
Depreciation of right-of-use assets	24,753
	<u>28,895</u>

Statement of Cash Flows

	2019
	\$
Total cash outflow for leases	74,235

9 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	143,542	13,635
GST and PAYG payable	4,825	9,523
Accruals	9,968	50,047
Art union prize	15,168	14,714
	<u>173,503</u>	<u>87,919</u>

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

10 Other Liabilities

	2019	2018
	\$	\$
CURRENT		
Client government funding	75,745	101,543
Client appeal funds	22,621	23,121
Unspent grant funds	1,563	40,742
	<u>99,929</u>	<u>165,406</u>

11 Provisions

CURRENT		
Make good provision	4,893	-

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements

For the Year Ended 31 December 2019

12 Employee Benefits

	2019	2018
	\$	\$
CURRENT		
Provision for annual leave	54,040	43,580
Provision for long service leave	37,782	40,303
	<u>91,822</u>	<u>83,883</u>
NON-CURRENT		
Provision for long service leave	1,984	16,700

13 Contingencies

In the opinion of the Board of Directors, the Company is not aware of any contingencies at 31 December 2019 (31 December 2018:None).

14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2019	2018
	\$	\$
Surplus/(deficit) for the period	(44,616)	43,069
Non-cash flows in surplus/(deficit):		
- depreciation	66,650	66,007
- bad debts expense	820	-
- unrealised (gain)/losses on investments	-	(2,750)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(24,023)	(14,909)
- (increase)/decrease in inventories	3,557	(1,455)
- increase/(decrease) in trade and other payables	20,106	(29,195)
- increase/(decrease) in provisions	4,893	-
- increase/(decrease) in employee benefits	(6,777)	10,422
Cashflows from operations	<u>20,610</u>	<u>71,189</u>

Muscular Dystrophy Queensland Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

15 Events Occurring After the Reporting Date

On 11 March 2020, the WHO announced the Novel Coronavirus (COVID-19) outbreak as a pandemic. The impact of the effects of this pandemic on the Company's operations has not been determined by management at the date of this report. Due to the uncertainty, at the date of this report it is difficult to understand, predict and/or accurately forecast cash flows for the next 12 months.

No other matters or circumstances have arisen since the end of the financial year 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 future financial years.

16 Auditors' Remuneration

	2019	2018
	\$	\$
- Audit fees	<u>9,555</u>	<u>7,900</u>

17 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Company. At 31 December 2019 the number of members was 35 (2018: 35).

18 Company Details

The registered office of the company is:
Muscular Dystrophy Queensland Ltd.
1149 Sandgate Road
Nundah QLD 4012

Muscular Dystrophy Queensland Ltd

ABN 14 908 553 738

Directors' Declaration

The Directors declare that in the directors' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the 31 December 2019 financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Director

Director

Dated: 11 June 2020

Independent Audit Report to the members of Muscular Dystrophy Queensland Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Muscular Dystrophy Queensland Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Muscular Dystrophy Queensland Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for the Company to maintain an effective system of internal control over donations, fundraising activities and other cash transactions until their initial entry in accounting records. Accordingly, our audit in relation to these types of income was limited to amounts recorded.

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 Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other 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.

Emphasis of Matter – 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 Company's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. 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 Responsible Entities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company'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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company'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 Company 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 responsible entities regarding, 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.

Vincents Assurance & Risk Advisory
Tim Cronin
Partner

Brisbane, 11 June 2020

Muscular Dystrophy Queensland

We're stronger together.

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